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Brussels, 22/01/2016

ENER B.3 LF/OG

**Subject: Minutes for the Vulnerable Consumer Working Group meeting held in Brussels on 9 December 2015**

The third meeting of the Working Group took place at the European Commission premises on Wednesday, 9 December 2015 from 9.30-15.00. The list of participants and the agenda are attached (see Annexes I, II). The meeting was chaired jointly by Jan Panek, DG Energy and Carina Törnblom, DG Justice and Consumers. Below is a summary of the key points discussed at the meeting.

**1. Welcome**

**The Chair (Jan Panek)** welcomed the attendees. Hepresented the agenda which was adopted without additions from the members of the group.

**2. Review of EU Energy Legislation**

* Presentation about the new energy market design by ENER B.2.

**Augustijn van Haasteren** **(DG ENER)** introduced the Consultative Communication on New Energy Market Design. In his presentation, **Mr van Haasteren (DG ENER)** stressed that in order to develop a resilient Energy Union, clear market-based price signals were necessary to facilitate further uptake of renewables and adequate investment in generation capacities. He presented some of the measures considered, including better harmonisation of the balancing markets and the definition of pricing zones.

In the subsequent discussion, **Sébastien Doligé (Eurelectric)** welcomed the presentation from **Mr van Haasteren (DG ENER)** and stressed the importance of having the wholesale perspective in the discussion of the working group on retail markets. He opined that the wedge between wholesale and retail energy prices was partly the result of increasing taxes and levies in household's energy bills. **Niels Ladefoged (DG ENER)** agreed but added that the impact of taxes on energy bills can also be helpful for the transition from energy commodity to energy service markets since charges and taxes can reinforce the incentive for investments which are otherwise not undertaken because of various (behavioural) barriers, and recalled that the Commission in general is in favour of shifting the burden of taxation from labour to consumption. **Heidi Ranscombe (Citizens Advice)** asked about the possible impact of the changes in balancing rules on retail prices. **Mr van Haasteren (DG ENER)** insisted that harmonisation of electricity trading within the wholesale market will not necessarily bring more variability on the retail prices paid by final consumers. On this final point, **the Chair (Jan Panek)** recalled the importance of choice for consumers so that opening the link between wholesale and retail energy markets enables consumers to choose new dynamically priced products (often cheaper than fixed contracts), exploiting the variations of price in the wholesale markets, while other consumers may prefer to continue with fixed price tariffs.

Clarity of offers and the responsibility of suppliers to better know their customers in order to propose the most appropriate contract were key issues according to **Cosmo Graham (University of Leicester)**. **Paolo Landi** **(Fondazione Consumo Sostenibile)** confirmed that flexible price contacts were not the problem for consumers. However, he recalled that not all European citizens can rely on the social security system to resolve energy poverty. Linking energy poverty and dynamic tariffs, **the Chair (Carina Törnblom)** compared the protection offered by the social security system to market-driven solutions. While social services are interested in safety and in being able to plan spending ahead, markets should be able to offer types of products at costs set as low as possible or at least keep price flexibility but with a cap.

**3. Increasing Transparency on Energy Poverty**

* Presentation of the findings of "the affordability of utilities' services: extent, practise, policy" from CERRE
* Presentation of an outline of the working plan and methodology for the "selecting indicators to measure energy poverty": Trinomics

**David Deller (University of East Anglia)** presented a report co-authored with Catherine Waddams[[1]](#footnote-1). He presented the main findings of the report including the differences in the affordability of domestic energy services across Member States, household types and across the income distribution. The research found that the relative increase of energy expenditure and the lack of affordability faced by lower income groups were more acute in energy than for other type of utility services and therefore merits specific attention. Furthermore, the correlation between perceptions (EU SILC data) and real expenditure on energy was not significant. Therefore, **Mr Deller** also insisted on the importance of distributional consideration and further work when assessing the metrics and designing the policies to measure and tackle energy poverty.

**Jessica Yearwood (Trinomics)** presented the work plan for the project *'Selecting indicators to measure energy poverty'* launched by DG ENER. She summarised the methodology that will be followed to select a set of indicators to measure, compare and monitor the level of energy poverty across the EU and the impact of Member States policies to tackle energy poverty.

In the subsequent discussion, **Mr Deller (University of East Anglia)** recalled the distinction between indicators that measure the level of energy poverty and indicators that measure the impact of policies. Various members of the group agreed on the importance of targeted investment in energy efficiency into the most deprived areas, particularly where more precise data was unavailable. In this context, the Area Based Schemes were mentioned as a good practice.

In order to calculate the level of energy poverty and the impact of policies, **Mr Deller (University of East Anglia)** suggested on looking at the following three pieces of information: household's income, household's energy consumption (which can be gathered using smart meters) and the energy efficiency of the housing stock. **Ms Ranscombe** **(Citizens Advice)** suggested that energy poverty or consumer vulnerability could be one of the indicators in the Energy Union reporting.

**4. Targeted Assistance for Vulnerable Consumers and Energy Poor**

* Presentation on energy efficiency: How to avoid a poverty trap for tenants and overcome the 'split incentive', from IUT
* Presentation of energy efficiency directive and energy performance of buildings directive, from DG ENER C.3

**Pasquale Davide Lanzillotti** **(IUT)** presented various initiatives to attenuate the *split incentive dilemma* between landlords and tenants. In his presentation, he also suggested changes to strengthen the provisions of the EPBD and the EED and pointed out tenancy status as an exacerbator of vulnerability even in relatively wealthy Member States.

**Mr Ladefoged (DG ENER)** presentedthe activities currently undertaken in relation to the revision of the EPBD and the EED. Hepresented some of the responses from the public consultation on the EPBD as well as the activities that will be carried out to set up the EU Building Stock Observatory. He invited the participants to respond to the consultation on the review of the Energy Efficiency Directive that will be opened until the 29 January[[2]](#footnote-2).

In the discussion, **the Chair (Carina Törnblom)** stressed the importance of understanding local housing market and the social obligations between landlords and tenants in order to set up the right policies that facilitate investment and helps tenants to understand and monitor their energy consumption. In this regard, **Mr** **Ladefoged (DG ENER)** insisted upon the importance of measuring energy consumption, for example using individual meters or heat cost allocators, as a prerequisite to allocate the cost of energy fairly across households and empower consumers with the right information.

Various members of the group agreed about the relevance of investing in energy efficient measures in the housing stock across all tenures as the long-term strategy to tackle energy poverty. **Katarzyna Wardal (EFIEES)** informed about a report which assesses the barriers for the implementation of the EED (subsequently distributed to participants by DG ENER on 11 December 2015).

**5. Next steps – VCWG objectives and deliverables for 2015-2016**

**Eero Ailio (DG ENER)** introduced three key issues in relation to energy poverty identified as relevant in Commission’s internal assessments, academic literature and various policy documents from stakeholders: (i) achieving a common concept of energy poverty; (ii) improving indicators to measure energy poverty; (iii) identifying measures to tackle energy poverty. He proposed to gather the views of the group about these three issues using a survey and to produce a report based on the main findings of the survey which can be presented to the London Forum and later fed back into the Energy Union process.

The members of the group welcomed the idea and provided helpful suggestions about the wording of the questions **(Marine Cornelis, NEON)**; the structure of the questions (**Thomas Lowe, Eurogas**); and the possibility to test the questionnaire before circulating it to the group (**Cosmo Graham, University of Leicester**).

**Mr Ailio (DG ENER)** recalled that in the conclusions of the previous London Forum, it was agreed that the Vulnerable Consumer Working Group will work towards a common understanding of the concept of energy poverty. To this end, DG ENER will send the questionnaire before Christmas and the group will have until mid-January to send their responses. A summary of the responses will be presented to the group on the 26 January.

**The Chair (Jan Panek)** clarified that gathering the group's views through the questionnaire was the first step towards producing a report in which the group will express a common opinion about these issues. This report will also feed into the Commission's proposals to review the energy legislation.

**The Chairs** concluded the meeting by thanking all for active participation and recalled that the next meeting will be held on 26 January (further details will follow).

**ANNEX I**

**List of Participants**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Mr | AILIO | Eero | DG ENER B.3 | European Commission |
| Ms | BERES | Zsuzsa | Ministry of National Development | Hungary |
| Ms | BLAKE | Lara | DG JUST E.6 | European Commission |
| Ms | CIUTI | [Aurelie](mailto:aurelie.ciuti@rwade.be) | RWADE | Belgium |
| Ms | [CORNELIS](mailto:Marine.Cornelis@ombudsmanenergie.be) | Marine | NEON | Belgium |
| Ms | COSAC | Arina | OFGEM | United Kingdom |
| Mr | DELLER | David | Centre for Compétition Policy | United Kingdom |
| Mr | DIJOL | Julien | Housing Europe | Belgium |
| Mr | DOLIGÉ | [Sébastien](mailto:sdolige@eurelectric.org) | EURELECTRIC | European Organisation |
| Ms | FONDI | Ludovica Sara | CEDEC | European Organisation |
| Mr | FONSECA | Paulo | DECO | Portugal |
| Mr | FRIEDEL | Michael | DG ENER B.3 | European Commission |
| Mr | GRAHAM | [Cosmo](mailto:cg47@leicester.ac.uk) | University of Leicester | United Kingdom |
| Mr | GUINEA | Oscar | DG ENER B.3 | European Commission |
| Ms | HAASOVA | Jana | ERO CZ | Czech Republic |
| Ms | KLEMOLA | Nina | EASME B.1.2 | European Commission |
| Mr | LADEFOGED | Niels | DG ENER C.3 | European Commission |
| Mr | LANDI | [Paolo](mailto:paololandi.rm@gmail.com) | Fondazione Consumo Sostenibile | Italy |
| Mr | LANZILLOTTI | P. Davide | International Union of Tenants | European Organisation |
| Mr | LOWE | [Thomas](mailto:SI@eurogas.org) | EUROGAS | European Organisation |
| Ms | MARIN | Nadia | DG JUST E.6 | European Commission |
| Mr | PANEK | Jan | DG ENER B.3 | European Commission |
| Ms | RANSCOMBE | [Heidi](mailto:heidi.ranscombe@citizensadvice.org.uk) | Citizens advice | United Kingdom |
| Mr | SZYMANSKI | Akadiusz | Ministry of Economy | Poland |
| Ms | TÖRNBLOM | Carina | DG JUST E.6 | European Commission |
| Mr | VAN HAASTEREN | Augustijn | DG ENER B.2 | European Commission |
| Ms | WARDAL | [Katarzyna](mailto:katarzyna.wardal@efiees.eu) | EFIEES | European Organisation |
| Ms | YEARWOOD | Jessica | Trinomics |  |

**ANNEX II**

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**VULNERABLE CONSUMER WORKING GROUP**

**AGENDA**

**Brussels, 9 December 2015, 09:30 - 15:00**

Venue: Meeting room DM 24 03/58

Rue De Mot 24, 1040 Brussels

09:30 **Welcome**: Jan Panek, Head of Unit B.3, DG ENER

09:45 **Review of** **EU Energy Legislation**

* + - New Energy Market Design Initiative

Short Overview and Q&A

*Augustijn van Haasteren, DG ENER B.2*

* + - Renewable Energy Directive and Best practises on Renewable Energy Self Consumption

Short Presentation and Q&A

*Guilio Volpi (tbc), DG ENER C1*

10:45 ***Coffee Break***

11:00 **Increasing Transparency on Energy Poverty**

* + - Affordability of utilities' services: extent, practice, policy

Presentation of CERRE report and Q&A

*David Deller, University of East Anglia*

* + - Selecting Indicators to Measure Energy Poverty

Outline of the working plan and methodology and Q&A

*Jessica Yearwood, Trinomics*

12:15 **Lunch Break**

13:00 **Targeted Assistance for Vulnerable Consumers and Energy Poor**

* + - Energy Efficiency: How to avoid a Poverty Trap for Tenants and Overcome the 'Split Incentive'

Presentation and Q&A

*Pasquale Davide Lanzillotti (tbc), IUT*

* + - Energy Efficiency Directive and Energy Performance of Buildings Directive

Short Presentation and Q&A

*Niels Ladefoged, DG ENER C3*

14:10 **Next steps - VCWG objectives and deliverables for 2015-2016**

Near-term deliverables on consumer vulnerability and energy poverty for New Deal proposals

14:50 **Closing**

1. <http://www.cerre.eu/sites/cerre/files/Affordability_FinalReport.pdf> [↑](#footnote-ref-1)
2. Link to the consultation: <https://ec.europa.eu/energy/en/consultations/consultation-review-directive-201227eu-energy-efficiency> [↑](#footnote-ref-2)