

Addressing Energy Poverty Through Effective Energy Efficiency Schemes: Policy development, examples and recommendations

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Key questions

- What is the current state of energy poverty reporting in relation to Art.8(3) of the recast EED?
- What best practices can be observed? What areas require potential refinements?

An exploration of the current efforts put forward by Member States in reporting for energy poverty according to the new requirements set in the recast EED, showing notable examples and areas that call for improvements.

Developments in the reporting and targeting of energy efficiency measures contributing to the alleviation of energy poverty

This brief outlines the current measures, insights, and recommendations presented during the [webinar on energy poverty](#) held on the 5th of June 2024, under the [ODYSSEE-MURE](#) project with a key focus on improving reporting, targeting vulnerable groups, and enhancing the effectiveness of policies aimed at alleviating energy poverty.

Energy poverty stands for a household's lack of access to essential energy services, impacting their ability to

maintain a decent standard of living and health, and it is driven by factors such as non-affordability, insufficient disposable income, high energy expenditure, and poor energy efficiency of homes.^{1,2}

Under Article 8(3) of the new Energy Efficiency Directive (EED) (EU) 2023/1791, Member States are required to implement energy efficiency obligation schemes, alternative policy measures, or a combination of both, setting and achieving a share of cumulative end-use energy savings among priority groups including households affected by energy poverty, vulnerable customers, low-income

¹ as defined by Article 2(52) of the new Energy Efficiency Directive (EU) 2023/1791

² https://energy.ec.europa.eu/topics/markets-and-consumers/energy-consumers-and-prosumers/energy-poverty_en



households, and those in social housing. Member States shall also ensure that their policy measures do not adversely affect these groups and should utilize available funding (e.g., Social Climate Fund) to mitigate any negative impacts and promote an inclusive energy transition.

A repeated qualitative assessment of over 130 measures reported under energy poverty in the [MURE database](#) revealed both the great strides forward and some fine-tuning actions needed in reporting for energy poverty³. Currently, the MURE partners can indicate measures that are either designed to directly address energy poverty through targeted programs (e.g., energy assistance and subsidies for energy-efficient appliances for low-income households) or broader energy efficiency programs that include significant components aimed at alleviating energy poverty (e.g., higher grant rates/lower interest rates for low-income households in housing retrofit programs).

While approaches may vary by Member State, the common beneficiaries identified by looking into measure requirements are vulnerable groups such as (i) **low-income households**, (ii) **people with disabilities**, (iii) **recipients of social benefits**, (iv) **families with children**, and (v) **pregnant people**: this shows further elaboration on the target groups established in the EED: in most cases, the policy measures make use of eligibility criteria that are already used for other purposes (e.g. for social benefits) or that can be easily reported by the applicants (e.g. income level). Criteria are defined pragmatically and so target groups become more concrete and tangible.

In the following section, we highlight some measures per vulnerable group, collaboratively explored in the [ENSMOV Plus](#) project as well. This is done in an effort to bring forward best practices in addressing energy

poverty, while describing ways in which energy poverty reporting could improve.

Examples of policy measures targeting and supporting priority groups in different ways

As European countries are implementing support programs for alleviating energy poverty and improving home energy efficiency, their initiatives offer various forms of assistance to target groups, focusing, amongst other things, on thermal insulation, efficient heating systems, and integration into energy communities.

[Slovenia's Eco Fund pilot programme](#) targets households in energy poverty with (i) incomes below the at-risk-of-poverty threshold and high energy costs relative to income. The measures include thermal insulation, efficient heating systems, and integration into energy communities, with 100% subsidies up to €18,000 per household, and can be disbursed when a household is 'materially at risk', has low energy efficient or inadequate housing conditions, or when renovations are deemed necessary by an energy consultant. Furthermore, applicants can be supported through the help of a coordinator.

[Wallonia's Housing Grants Scheme](#) aims to improve homes' energy efficiency through energy renovation projects, such as insulation and heating system upgrades. The grants are structured in a progressive way to favour (i) low-income households, like (iv) families with dependent children, (ii) individuals with disabilities, and the elderly. Grant amounts vary according to five income classes: the amount is six times higher for the lowest compared to the highest income group. The grant can be combined with a zero-interest loan to help finance the upfront costs.

³ [cut-off in Sept 2024]

A **Latvian** regulation established a [support program for renovating one/two-apartment houses to improve energy efficiency](#). It targets property owners or co-owners, especially those with (iv) dependent children or who are (v) pregnant. They will benefit from technical assistance and grants by receiving support to cover costs related to energy efficiency assessments, renovation documentation, and renovation works to reduce energy consumption and achieve higher energy efficiency standards.

The **Irish** [Fully funded energy upgrades](#) offer free energy upgrades to improve home energy efficiency and warmth to eligible homeowners receiving certain (iii) social welfare payments. To qualify, homeowners shall provide a BER⁴, which can also be obtained through the services of the measure itself, and receipt of specific welfare payments (like fuel allowance, (ii) disability allowance, (iv) one parent family payment, (i) working family payments and jobseeker's allowance, and others). Results are included in SEAI's [Full Year Report of the National Retrofit Plan](#).

[France's white certificates scheme](#) includes a sub-target addressing energy poverty by mandating energy suppliers to achieve energy savings in low-income households. This specific obligation, enforced since 2016, aims to ensure that all households can benefit from the scheme and to counter the possible distributional effects of the scheme. Eligibility to 'energy poverty' white certificates is determined by household income, location, and size. Based on France's NECPR2023, the scheme delivered new annual savings of 24.1 TWh/year in 2021, including 5.9 TWh/year (i.e. 24.5%) from 'energy poverty' white certificates (CEE-PE). Currently, the most frequent actions for CEE-PE

are roof or loft insulation (19.4% of CEE-PE), wall insulation (18.1% of CEE-PE), heat pumps (16.6% of CEE-PE), and deep renovations (13% of CEE-PE)⁵.

Recommendations for including effective provisions to tackle energy poverty in the design of subsidy schemes or EEOs

The examples above show a commitment to tackling energy poverty with various approaches. The new EED (EU)2023/1791 and Energy Performance of Buildings Directive (EPBD) (EU)2024/1275 require prioritising vulnerable households and addressing renovation upfront costs. Energy efficiency schemes that do not explicitly target low-income households or those at risk of energy poverty may indeed have distributional effects, with lower participation of lower income groups. The new provisions in the EED and EPBD aim at mitigating these effects and ensuring that energy efficiency schemes **benefit all, starting with the most vulnerable** (households, but also companies or local authorities).

A briefing by Louise Sunderland about [new action on energy poverty when implementing the new EU provisions](#) highlights key aspects to consider when designing energy efficiency schemes, so that they can reach the most vulnerable, without further pushing others into poverty:

- First, **guaranteeing dedicated budgets** prevents competition from higher-income households and guarantee funds for those in need. **Stable, long-term running funding** can also build awareness and confidence, allowing households to plan and apply for support within a realistic timeline that fits their needs and capacities.
- Second, schemes should provide **higher subsidies for lower-income** households and

correspond directly to the energy savings reported to Article 8 EED in the NECPR.

⁴ BER: Building Energy Rating, being the Energy Performance Certificates in Ireland.

⁵ Data for 01 January 2022 to 30 June 2024. White certificates may include bonuses, and therefore do not

combine support from multiple sources, including zero-interest loans, for enhanced accessibility; specifically, **providing funds upfront** avoids exclusion of households unable to cover initial costs/take short-term loans.

- Lastly, allocating **funds for preparatory and ancillary works** facilitates comprehensive renovations; simplified applications and automatic guarantees of support help streamline access to this much needed assistance. Funding or in-kind support for local partners can also guarantee effective outreach and engagement of potential beneficiaries.

Significant public funds and complementary financial measures are needed as lower-income households often lack savings or access. These include national funds financed from taxation, EU ETS/carbon taxes, two-sided contracts for difference, or EU funds from the Multi-annual Financial Framework (including European Regional Development Fund and Cohesion funds), Recovery and Resilience Funds, Social Climate Fund, Modernisation Fund, or Just Transition Fund. Blending public and private financial support is necessary, with public funds focused on the most vulnerable, like revolving funds, and de-risked preferential loans, with up to 100% subsidies for those with the greatest need.⁶

Target groups can be more or less broad or specific, depending on the objectives of the policy measure. Some measures may aim at mitigating or compensating possible distributional effects of energy efficiency policies. In that case, the target groups will likely be broad, and the measure will aim to support as many households as possible. Other measures may aim at helping the most vulnerable households. Their target groups and types of support will likely be more specific. They will help fewer

households per year, but possibly with a larger impact per household.

It is crucial that, in their policy design and reporting, Member States clarify whether and how their energy efficiency measures aim at tackling energy poverty or supporting priority groups. For example, this means indicating whether the measures are fully aimed at tackling energy poverty or include provisions related to energy poverty or priority groups as part of broader objectives. Likewise, reporting should specify how the target groups are defined (e.g. with eligibility criteria).

Article 8 EED now requires Member States to report the share of savings achieved among priority groups. Transparency in budget allocation is also essential. Member States should report on the budget share earmarked (beforehand) or used (afterward) for priority groups, especially when using funding such as national funds, EU ETS/carbon taxes, or EU Funds.

For further reading or information, please visit <https://www.odyssee-mure.eu/>

And the ENSMOV Plus' platform: <https://energysavingpolicies.eu/>

⁶ https://socialwatt.eu/sites/default/files/2023-07/SocialWatt_D4.7_PolicyBriefs.pdf