



Directorate-General
for Energy



RAP



International
Energy Agency



Rapporteur Report

PEPDEE Brussels Workshop

Session D Group Discussion

Incorporating Social Considerations into EE Obligations

Policies

- Lively discussion
- End late
- UK experience shared

Topics

- Group Composition
- Summary of Presentations
- Summary of Interventions
- Group Discussion Highlights
- Areas of Agreement
- Areas of Disagreement
- Areas for Further Policy Research
- Conclusions

Group Composition

- Total number 13
- Energy Providers 3
- Government 1
- Regulators 3
- Consumer advocates 3
- Energy efficiency industry 1
- Academics and NGOs 2

Summary of Presentations

- Presentation 1
 - Darryl Croft, Senior Researcher Association for the Conservation of Energy
- Presentation 2
 - Frances Williamson, Head of Policy & External Relation UK Energy Retail Association

Summary of presentations(1/2)

- EEO have an impact in low income households and can increase fuel poverty
- The issue of energy affordability/poverty is going to increase in the future
- Low income will not address EE measures because:
 - Lack of up front capital
 - Older people – not willing to have debts
 - Not ideal target group for companies
- For social and equity issues social considerations should be considered in EEO with different schemes

Summary of presentations (2/2)

- UK: 7 M household are in fuel poverty (10% of total) and 40% of their EEO scheme should go to low income households
 - myriad of policies addressing fuel poverty (Complexity)
 - difficult to access them/trust issues
 - Difficulties to identify priority group
- Italy: there is a regressive social tariff that mitigates impact
 - Are we talking about carbon or about social issues?
 - Lack of social policy in some countries leads to energy sector taking the burden
 - In Denmark where energy prices are high, social policies are working so well that there is no need to include social considerations in EEO

Group Discussion Highlights

- Distinguish between liberalised (UK) and regulated markets (priority groups vs. social tariff)
 - Be careful with transparency when there is a combination of liberalised/regulated markets in a country
- Equity – who pays for what, who gets benefits
- Structure of the markets
 - distortion could be created when introducing exemptions
 - difficulty to find customers on priority group
- Role of authorities
 - do they need to design incentives
 - useful to collaborate & do joint programs
- Cost recovery & links with tariff system

Areas of Agreement

- Agree that EEO Directive should have a clause on social consideration, but give flexibility to government to incorporate it with different mechanisms
- Need to define cost – effective scheme in relation to the objective pursued
- A lot of discussion on the costs and very little on the benefits
- Research is important but more is action learn from experience

Areas of Disagreement

- No disagreement
- Most participants believe that EEO should include social considerations, one participant believe that it should be used as a tool to alleviate fuel poverty

Areas for Further Policy Research

- Analysis on how to include equity considerations and cost recover of EE schemes
- Analysis & understanding of different markets & structures
- Understand the building stocks & how to define target groups
- Analyse treshold to enter into the EEO scheme

Policy Recommendations

- Governments should invest in creating database on buildings & segments
- Measure the benefits and allocate the costs to the ministries/departments benefiting (e.g. NZ health)
- Different measures for regulated/liberalised
- Exemptions from EEO analyse well market distortion (e.g. small companies targeting richer groups)
- Transparent cost recovery
- Government to intervene where there are some gaps

Conclusions and Next Steps

- Underlying problem is the lack of social policies that leads to government using energy sector policies to cover some issues
- Flexible approach to including national circumstances while keeping the overall objective
- Important to measure the social outcome (benefits)
- UK: advanced scheme, we can extract lessons
- More transparency, MRV and auditing