



23 October 2023

Commission Recommendation on energy poverty

Questions and Answers

1. What is energy poverty?

Energy poverty is a situation in which households are unable to access essential energy services and products, thus affecting health, living standards and the levels of heating, cooling and lighting of homes. It occurs when a high percentage of consumers' income is spent on energy bills, when the energy efficiency of buildings and appliances is low or when household's energy consumption needs to be reduced to a degree that negatively impacts health and well-being.

Energy poverty is a complex and multidimensional issue, further aggravated by factors including high and volatile energy prices, low income, geographic location, climate, household characteristics, gender, family composition, health and specific household energy and transportation needs and practices.

2. How is energy poverty measured?

No single indicator alone is sufficient to capture the multidimensional aspects of energy poverty. Member States are therefore strongly encouraged to use a multitude of indicators, with a preference for those comparable at EU level.

The 2020 Recommendation on Energy Poverty identifies a set of key indicators of energy poverty based on available Eurostat data and based on criteria of data availability, reliability, and robustness. The indicators cover three energy poverty angles: low income (most indicators are based on 60% of median income as a reference point), high share of energy in spending and low energy efficiency, particularly in housing.

A [dashboard with indicators used for national and European level measurement](#) is available on the Commission website together with guidance for addressing the measurement of energy poverty at local level. The dashboard enables comparison among different indicators for one country as well as comparison of indicators across the EU and an alignment with the local energy poverty indicators.

3. Why has the European Commission made these recommendations?

The EU is strongly committed to tackling energy poverty and protecting vulnerable consumers, as part of its objective to ensure that the green energy transition is fair and just, leaving no one behind.

The recent increase in energy prices, together with the living cost crisis, has seen the number of people in energy poverty rise significantly to an estimated 40 million people in 2022 (9.3% of the EU population). This represents an approximate 35% rise in relative terms and 10.7 million



people since 2021. Energy poverty is a phenomenon that affects all Member States, although with substantial geographical diversity, with figures ranging from 1.4 % in Finland to 22.5% in Bulgaria.

The Recommendation on energy poverty contains 25 recommendations on policy measures that can be taken by EU countries to alleviate energy poverty.

The accompanying Staff Working Document aims to:

- outline how energy poverty is addressed in the new EU legal framework,
- explain how energy poverty can be measured and diagnosed at national level,
- present and analyse in detail the measures and policies included in the Recommendation.

4. The recommendations focus on measures that should be taken at national level. Is energy poverty legislated for at EU-level?

Energy poverty first appeared in EU energy policy in 2009 but the way it is addressed through regulatory requirements has been significantly strengthened through the 'Fit for 55' package. Energy poverty is now [defined in legislation](#), and the EU legal framework requires that energy poverty in Member States is identified and addressed in their [National Energy and Climate Plans](#) (NECPs).

While the legal framework at EU initially addressed energy poverty by allowing Member States to establish energy price regulation, the latest legal developments introduced through the 'Fit for 55' package present a comprehensive approach to tackle the root causes of energy poverty. The package introduced new provisions to prioritise energy efficiency and building renovation measures in a structural way to the benefit of energy poor households.

In order to encourage further consumer protection, beyond national measures, the Commission coordinated, in December 2022, the signature of a Joint Declaration by key stakeholders representing consumers, regulators, energy suppliers and distributors. Signatories pledged to respect common principles and adopt measures to support households through the 2022-23 winter. Although wholesale energy prices have decreased from the highs reached during last winter, vulnerable customers and those in energy poverty continue to face difficulty paying bills and the cost of living remains high. Therefore, the key stakeholders agreed to renew the Joint Declaration also for winter 2023/2024.

5. What measures is the Commission recommending to tackle energy poverty?

A cross-sector and multidisciplinary approach, working across departments at national level is necessary to address energy poverty effectively.

The Commission's recommendations are organised into 8 sections:

- Implementation of the legal framework
- Structural measures, affordability and access to energy
- Governance
- Trust, engagement and communication
- Energy efficiency
- Access to renewables
- Skills
- Financing

Affordability measures are generally an effective short-term measure to ensuring access to a minimum amount of energy, as seen during the recent energy crisis, and can support consumers during the transition out of energy poverty. However, they do not address the root causes of energy poverty. Investments into structural measures are thus needed in parallel as a longer-term measure.

Such measures could include investments in the energy efficiency of homes and appliances or empowering consumers to become active in the shift toward renewable energy solutions, through solar installations or energy communities, for example.

Effective communication and information sharing are also crucial in addressing energy poverty. Communication can help to ensure that those who are affected understand the cause and potential solutions. Many communities, especially those in socio-economically and socially disadvantaged areas, do not have access to broader energy knowledge. Therefore, providing advice, including on energy bills and sharing knowledge about energy-saving practices is crucial to helping people save money and meet their energy needs.

6. What EU instruments and funding are in place to support EU countries to tackle energy poverty?

EU resources alone are not sufficient and energy efficiency investments will require national and private financing in addition to EU funding.

Nevertheless, the Multiannual Financial Framework 2021 – 2027 contributes with a significant share to implementing energy efficiency measures.

Between 2021 – 2027, the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the Just Transition Fund (JTF) and the European Social Fund Plus (ESF+) dedicate approximately 39.7 bn EUR into investments focusing on energy efficiency and decarbonisation, including high-efficiency co-generation, district heating and cooling or renewable energy resources.

Additional funding is available under the Recovery and Resilience Facility. Here, Member States allocated approximately EUR 73 bn EUR to energy efficiency measures, including building renovations.

The Emissions Trading System (ETS) feeds the Modernisation Fund, which is financed from auction revenues from greenhouse gas emission trading. ETS auction revenues must be spent entirely on climate and social purposes. Such climate-related purposes include, among others, improving energy efficiency, district heating systems and insulation, supporting efficient and renewable heating and cooling systems or supporting the deep renovation of buildings. This money may also support better skills to contribute to a just transition.

To overcome the lack of capital, which is an obstacle for those living in energy poverty, vulnerable groups and the energy poor should have access to grants and subsidies. Such grants and subsidies should have easy administrative rules and the lowest administrative complexity possible. They should also be accompanied by other initiatives, such as targeted information campaigns, communication and empowerment measures.