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From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	20 October 2023
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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Delegations will find attached document C(2023) 4080 final.

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Encl.: C(2023) 4080 final



Brussels, 20.10.2023  
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**COMMISSION RECOMMENDATION**

**of 20.10.2023**

**on energy poverty**

{SWD(2023) 647 final}

# COMMISSION RECOMMENDATION

of 20.10.2023

## on energy poverty

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 292 thereof,

Whereas:

- (1) The latest figures show that approximately 40 million Europeans across all Member States representing 9.3 % of the Union population were unable to keep their home adequately warm in 2022. That is a sharp increase since 2021 when 6.9% of the population were in the same situation<sup>1</sup>. The share has more than doubled for people in the lower income categories. Those figures demonstrate the seriousness of the situation, calling on policymakers to take action and address the underlying root causes of energy poverty in the framework of a fair and just transition, which ensures that no one is left behind.
- (2) Energy poverty is a multidimensional phenomenon. In many cases, this situation is driven primarily by three underlying root causes, linked to high energy expenditure in proportion to the household budget, low levels of income, and low energy performance of buildings and appliances. The situation of a household can be further influenced by geographic and climate factors, household characteristics, gender, health, and specific household energy and transportation needs. As such, households with higher energy needs, which include families with children, persons with disabilities, and older persons, are also more susceptible to energy poverty and to its effects. Women, and in particular those who are single parents and older women, are also particularly affected by energy poverty due to structural inequalities in income distribution, socioeconomic status and the gender care gap.
- (3) High energy prices have influenced the Union's energy markets since mid-2021. An increased number of people have been facing difficulties to pay their energy bills. This has not been limited to low income and vulnerable citizens, who spent a disproportionately higher share of their income on energy, but also affected many middle-income citizens. The Union acted united within the relevant European framework and international commitments to ease the situation for European citizens. Nevertheless, the need for further, well-targeted actions at national level persists.

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<sup>1</sup> Source: Eurostat (ilc\_mdcs01)

- (4) The European Pillar of Social Rights, jointly proclaimed by the European Parliament, the Council and the Commission on 17 November 2017<sup>2</sup> and the UN Sustainable Development Goals<sup>3</sup> adopted in 2015 include energy among the essential services which everyone is entitled to access. Support for access to such services must be available for those in need. The Pillar also refers to the right to appropriate help and protection against forced evictions from housing<sup>4</sup>.
- (5) The European Green Deal<sup>5</sup> stresses that the transition must be fair and inclusive, putting people first and paying particular attention to supporting those regions, industries, workers, households, and consumers that will face the greatest challenges in that transition. Moreover, the communication from the Commission ‘*A Strong Social Europe for Just Transitions*’<sup>6</sup> emphasises that implementing the European Green Deal will provide the Union with the tools to strive for more when it comes to upward convergence, social fairness, and shared prosperity.
- (6) Recommendation (EU) 2020/1563<sup>7</sup> and the accompanying staff working document<sup>8</sup> provides guidance on energy poverty as well as on the definition of what constitutes a significant number of households affected by energy poverty. It identified a set of 13 energy poverty indicators from which Member States can choose those available and relevant to their context in order to identify energy poverty in their territory, reflecting different facets of energy poverty, and use alternative data sets to reflect local realities, such as overheating in summer, gender and ethnical background, and cross-reference income and energy consumption data jointly in order to understand affordability challenges of households in energy poverty.
- (7) The Council Recommendation on ensuring a fair transition towards climate neutrality<sup>9</sup> recalls that fairness and solidarity are defining principles of the Union’s policies towards the green transition and a precondition for its broad and sustained public support.
- (8) Objectives set out in the European Pillar of Social Rights, the Sustainable Development Goals, the European Green Deal, the Council Recommendation on a fair transition and the Commission Recommendations on energy poverty provide a framework to identify energy poverty in Member States through putting emphasis on the principles of access to energy, inclusiveness, fairness and leaving no-one behind.

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<sup>2</sup> Interinstitutional Proclamation on the European Pillar of Social Rights (OJ C 428, 13.12.2017, p. 10).

<sup>3</sup> [Transforming our world: the 2030 Agenda for Sustainable Development \(un.org\)](#), A/RES/70/1.

<sup>4</sup> Principles 19 ‘Housing and assistance for the homeless’ and 20 ‘Access to essential services’.

<sup>5</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The European Green Deal (COM(2019) 640 final).

<sup>6</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions ‘A Strong Social Europe for Just Transitions’ (COM/2020/14 final).

<sup>7</sup> Commission Recommendation (EU) 2020/1563 of 14 October 2020 on energy poverty (OJ L 357, 27.10.2020, p. 35).

<sup>8</sup> Commission Staff Working Document EU guidance on Energy Poverty (SWD(2020)960 final)

<sup>9</sup> Council Recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality 2022/C 243/04 (OJ C 243, 27.6.2022, p. 35).

All these principles apply to households affected by energy poverty. Energy is the essential service for which gaps in access are the highest in the EU<sup>10</sup>.

- (9) The concept of energy poverty was introduced in 2009 by Directive 2009/72/EC of the European Parliament and of the Council<sup>11</sup> and since then has been broadened in the narrative of a just and fair energy transition. The latest legal developments brought in through the Fit for 55 package<sup>12</sup> present a comprehensive approach to tackle the root causes of energy poverty. The package introduced a first Union wide definition of energy poverty in Directive (EU) 2023/1791 of the European Parliament and of the Council<sup>13</sup> coupled with provisions for the prioritisation of energy efficiency and building renovation measures among energy poor groups and other vulnerable groups.
- (10) Energy poverty concerns all Member States. Therefore, Article 3(3), point (d), of Regulation (EU) 2018/1999 of the European Parliament and of the Council<sup>14</sup> requires Member States to assess the number of citizens in energy poverty, establish an objective to reduce that number if it is significant, and to describe the policies and measures addressing energy poverty in their final National Energy and Climate Plans. Member States had to submit such information in 2019 for the first time.
- (11) Enshrining a definition of energy poverty in national law is a first step to acknowledging and identifying a problem and its wider context. It will support all relevant players in designing the right responses to tackle energy poverty at local, regional, national, and Union level taking into account the combination of its main three causes, that is to say, low income, higher energy bills and low energy efficiency.
- (12) The concept of energy poverty is linked, but distinct from the concept of vulnerable customers. Article 28 of Directive (EU) 2019/944 of the European Parliament and of the Council<sup>15</sup> and Article 3(3) of Directive 2009/73/EC of the European Parliament and of the Council<sup>16</sup> require Member States to define the concept of vulnerable customers, which may refer to energy poverty as well as other criteria, such as critical dependence on electrical equipment for health reasons and age.

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<sup>10</sup> SWD(2023) 213 final/2

<sup>11</sup> Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC (OJ L 211, 14.8.2009, p. 55).

<sup>12</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, (COM (2021) 550 final).

<sup>13</sup> Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955 (OJ L 231, 20.9.2023, p. 1).

<sup>14</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328 21.12.2018, p. 1).

<sup>15</sup> Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125).

<sup>16</sup> Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJ L 211, 14.8.2009, p. 94).

- (13) Eighteen Member States have included energy poverty as a distinct phenomenon in their existing National Energy and Climate Plans, however details on definitions, clear measurement, and direct policies to address energy poverty are covered by around half the Member States.<sup>17</sup>
- (14) Member States are required to update the National Energy and Climate Plans by June 2024. They should be supported in that exercise and in addressing energy poverty at national level through effective policy packages and further guidance that would complement Commission Recommendation (EU) 2020/1563.
- (15) Regulation (EU) 2023/955 of the European Parliament and of the Council<sup>18</sup> established the Social Climate Fund to address and prevent the potential negative distributional impacts resulting from the extension of coverage of buildings and road transport by a new EU emissions trading system for these two sectors and small industry (ETS2) in accordance with Directive 2003/87/EC<sup>19</sup>. The Social Climate Fund aims to provide funding to Member States to support vulnerable households including households affected by energy poverty, vulnerable micro-enterprises and vulnerable transport users that are particularly affected by energy and transport poverty by supporting investments for increased energy efficiency and access to zero- and low-emission mobility and transport. To unlock the funding, Member States are to submit their Social Climate Plans by June 2025 while building on the 2024 updates of their National Energy and Climate Plans.
- (16) The update of the National Energy and Climate Plans and establishing the Social Climate Plans pursuant to Regulation (EU) 2023/955 of the European Parliament and of the Council is an opportunity for Member States to reflect not only the higher ambition of the Union legal framework in terms of energy and climate objectives, but also to foster fairness and to provide a stable framework for reducing energy poverty.
- (17) Collecting data of adequate indicators is key to identify the number of people in energy poverty. Optional ad-hoc modules of the European statistics on income, social inclusion and living conditions, such as that on the inability to keep dwellings comfortably cool during summer and the capacity of the household to afford sufficient level of energy consumption at home, carried out in 2023, or that on energy efficiency carried out in 2024 can provide additional useful data pertinent to identify the number of households affected by energy poverty in national or regional contexts. Given the increasing likelihood of heat waves as a result of climate change, information related

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<sup>17</sup> European Commission, Directorate-General for Energy, Bouzarovski, S., Thomson, H., Cornelis, M. et al., Towards an inclusive energy transition in the European Union : confronting energy poverty amidst a global crisis, Publications Office, 2020, <https://data.europa.eu/doi/10.2833/103649>.

<sup>18</sup> Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060

<sup>19</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32 ).

to capacity of the household to fulfil all energy needs at home would allow for a better and more targeted adoption of policies and options to combat heat and other climate hazards as well as the impacts of energy poverty.

- (18) In some Member States, energy poverty is mainly addressed from the affordability angle through support schemes for vulnerable households, addressing housing and energy unaffordability and provided, for example, in the form of tax reductions, social tariffs, energy vouchers, or heating allowances. All price measures change the marginal cost of energy consumption. Such schemes are important in times of crisis and needed in the absence of structural upgrades, but do not provide the basis for structural improvements for the benefit of vulnerable households. They can reduce incentives to decrease energy consumption and invest into energy efficiency measures. Income measures also provide immediate relief while not directly changing the marginal cost of energy consumption, but do not have a long-term effect on energy demand. Measures that empower and enable households affected by energy poverty and vulnerable households to take their own steps to improve their ways of living in terms of energy efficiency and renewable energy consumption should therefore be given priority.
- (19) In addressing households in energy poverty, Member States use a combination of approaches and actions which vary in the impact on final consumers: price support measures directly target the final energy price paid; income support schemes keep the market price signal and as such still provide incentives to reduce energy consumption while increasing the affordability of energy consumption, and more structural measures which address the long-term affordability of energy schemes. Structural measures are those measures that address energy poverty at its root causes through investments into energy efficiency or renewable energy sources. They have long-lasting impacts and support the Union's objective of a fair energy transition. They should therefore be prioritized along with complementary relevant social measures. The measures taken by Member States should also aim at diversifying the energy options for customers while preventing vulnerable customers from getting locked in fossil fuels and particularly fossil gas, coal, and oil and risking having to face increasing network and administrative costs in the course of the transition. Therefore, addressing energy poverty and ensuring a fair transition depends crucially on the policy mix chosen.
- (20) During the energy crisis the need to protect consumers from high and volatile energy prices increased the use of income and price instruments throughout the Union. Most of the measures were however not sufficiently targeted. While income support measures provide valuable social safety nets, can be deployed swiftly and, when targeted, can provide immediate relief for affected households, they are likely not to result in a structural impact beyond the period of disbursement or application and can risk creating a lock-in effect on fossil fuels and dependence on subsidies. They also pose the risk of reducing public funding from more structural measures that are capital intensive, such as building renovations.

- (21) Access to energy in the Union is safeguarded by the EU legal framework and consumers enjoy universal service, in particular, for electricity. In addition to affordability support for those in need, most Member States put in place a supplier of last resort regime to protect consumers in case of supplier failure. To further protect consumers and ensure continuity of supply, Member States are encouraged to ensure a supplier of last resort.
- (22) Pursuant to Article 10(11) of Directive (EU) 2019/944 suppliers shall provide household customers with adequate information on alternative measures to disconnection sufficiently in advance of any planned disconnection. Vulnerable customers should be adequately protected from electricity disconnections and should not be put in a position that forces them to disconnect. In order to safeguard access to energy for the most vulnerable, Member States should be encouraged to act building on the good practices in such matter across the Union.
- (23) Due to its complex nature, energy poverty needs to be tackled as a multidisciplinary issue, requiring a multisectoral approach encompassing above all, but not only, the energy and social policy sectors, while keeping in mind the very concrete legal obligations in the energy and climate legislation. The governance system for energy poverty should thus allow for cross-departmental and vertical collaboration across national, regional, and local government structures, as well as for a wider consultation of the relevant stakeholders and social partners from different sectors to contribute to informed decision-making. Multilevel energy and climate dialogue established pursuant to Article 11 of Regulation (EU) 2018/1999 could also be considered to that end.
- (24) The strength of energy poverty observatories is bringing together all the key actors involved to develop a cross-sectorial understanding of energy poverty situation at all levels. As such, it is a multidisciplinary governance tool, which can serve as a lighthouse project for other policy areas. Such observatories can also provide a platform for stakeholders, to participate in the national and local debate by providing key insights into the problem of energy poverty and proposing policy initiatives.
- (25) Practice has shown that trust is one of the key elements to successfully engage households affected by energy poverty, both in the identification and reach out to the beneficiaries of support schemes.
- (26) Effective communication and information sharing in a user-friendly way play a crucial role in addressing energy poverty. Households affected by energy poverty have different needs and capabilities to engage, and possibly limited access to relevant information. Energy advisory networks or one-stop shops, as set out in Directive (EU) 2023/1791 together with the proposals for energy performance of buildings can be effective tools. Those tools should be easily accessible and tailored to fit the needs of households with low income, vulnerable or affected by energy poverty, and could also be provided through social care and healthcare workers, or other frontline workers who are in regular direct contact with such population groups.



- (27) With the Fit for 55 package and Communication ‘*REPowerEU: Joint European Action for more affordable, secure and sustainable energy*’<sup>20</sup>, the Commission stated clearly that energy efficiency measures, including in the buildings sector, are effective actions to empower and protect energy poor and vulnerable households. Improving the energy performance of buildings can mitigate potential negative social effects and maximise social benefits, notably as regards improving living conditions in the buildings with the worst energy performance and alleviating or even preventing energy poverty.
- (28) Giving priority to energy efficiency is a key principle enshrined in Union law. Article 3 of Directive (EU) 2023/1791 provides a legal basis for its application. Improving energy efficiency is crucial to tackle energy poverty and improves the well-being of people and residents.
- (29) Giving priority to the renovation of the buildings with the worst energy performance allows to directly address energy poverty, since people affected by energy poverty and vulnerable people tend to live in such buildings. Through energy renovation, the heating and cooling energy needs of homes can be substantially reduced and consequently the inhabitants can afford a proper indoor climate with lower energy bills, contributing to lifting households out of energy poverty. Additionally, upscaling the energy renovation of buildings can generate and preserve jobs that indirectly contribute to the welfare of population. The New European Bauhaus<sup>21</sup> is a Union initiative, aiming to help deliver the European Green Deal through prioritising energy efficiency, affordability, and inclusiveness.
- (30) The positive effects of buildings renovations, including on living conditions, can be maximised through integrated, participative, and district-related approaches, when energy renovation in energy poor districts is integrated in wider social inclusion and urban regeneration programmes. Split incentives can be a barrier to the renovation of buildings, also because tenants do not have the same possibilities as homeowners when it comes to decision-making on dwelling improvements. They occur where the benefits of a transaction or investment do not directly benefit the actor who bears the costs of the transaction or investment.
- (31) Vulnerable households must be shielded from higher housing costs that may follow renovations and result in evictions, displacement, and gentrification. Therefore, it is crucial that Member States watch their overall policy mix carefully regarding direct or indirect negative impacts on vulnerable households. Measures to protect tenants from negative and unwanted impacts can include conditional financial support to renovation works preventing the eviction of tenants, tax incentives for landlords, financial support

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<sup>20</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions *REPowerEU: Joint European Action for more affordable, secure and sustainable energy* (COM(2022) 108 final).

<sup>21</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions *New European Bauhaus: Beautiful, Sustainable, Together* (COM(2021) 573 final).

settle or reschedule rental arrears for poorer households, cap on the increase of rent if the owner receives public financial support, or legislative measures ensuring a balance between rent increases and energy savings achieved through the renovation. Enforcement of the regulatory framework protecting tenants and addressing landlords, as well as access to information about the right to housing and tenants' rights against evictions are also essential steps.

- (32) Principles of energy efficiency apply also to energy efficient household appliances which can contribute to considerable energy savings. Standards for energy efficiency, applied through ecodesign and energy labelling rules can bring about large energy savings to households in the Union.
- (33) Smart metering systems, which support accurate and close to real-time readings, allow consumers to monitor their actual energy usage throughout the day and can help in identifying people in energy poverty. As a result, they help consumers take control of their energy behaviour, and adjust their consumption to keep their costs in check, while they put an end to estimated bills and the grievance of back billing. That is of utmost significance for households affected by energy poverty, who often grapple with tighter financial constraints and are disproportionately impacted by fluctuations in energy prices. Energy poor households should not be left out of access to smart technologies that would support them in reducing or better managing their energy consumption, as well as unlock opportunities for them to reap benefits from ongoing advancements in energy technology and digitalisation.
- (34) Decarbonising the energy system through phasing out fossil fuels and replacing them with renewables is key in the Union's fight against climate change. The Russian invasion of Ukraine and the price spike for energy show the urgency to move away faster from natural gas for heating households and in such move, households affected by energy poverty will require particular attention and support. The European Green Deal sets out the principle that no one is left behind, which is of utmost importance in this context. Supporting households affected by energy poverty in their switch from fossil fuels to cheaper renewables for their energy supply is a central element in tackling energy poverty. That is also reflected in Article 23(4) of the Directive (EU) 2018/2001 of the European Parliament and of the Council<sup>22</sup> which requires Member States to ensure accessibility to renewable energy to all consumers, in particular to those in low-income or vulnerable households who would not otherwise possess sufficient up-front capital to benefit.
- (35) Renewable energy is more affordable for consumers if they can have direct access to it. Collective self-consumption schemes can overcome the limited capacity of households affected by energy poverty to access renewable energy and become active – as consumers while producing electricity (so-called 'prosumers'). Being a prosumer and participating in collective self-consumption schemes brings wider non-financial

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<sup>22</sup> Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

benefits, such as empowerment, new skills, and social inclusion for the individual, as well as trust and interconnections for the community.

- (36) Collective self-consumption schemes include energy communities and energy sharing schemes. The Commission supports the ongoing effective implementation of the Union legislation on energy communities in the Member States and proposes<sup>23</sup> specific provisions on energy sharing. Municipalities have a major role to play in making collective self-consumption schemes open and accessible to households affected by energy poverty especially in cases where entry would otherwise entail financial requirements, and of complex administrative procedures and costs.
- (37) To diagnose, design, establish and implement measures tackling energy poverty, policymakers at all levels need to be informed and understand the underlying causes of energy poverty of their constituency. The European Year of Skills 2023<sup>24</sup> and the Pact for Skills, as part of the European Skills agenda<sup>25</sup>, provide opportunities for pact members to receive appropriate guidance for skill development. The Union funded Energy Poverty Advisory Hub<sup>26</sup> provides online and targeted training and support to stakeholders, including to local governments, on energy poverty. Their work on indicators is also helpful to Member States to choose and articulate indicators at national and local level<sup>27</sup>.
- (38) Moreover, workers in direct and regular contact with people at risk of energy poverty, such as those in health care, education, or social workers, as well as energy advisors should have the skills to identify energy poverty and provide advice and information to energy poor households. Such information may include advice on basic energy consumption reduction measures, explaining energy bills, advisory regarding housing and tenants' rights against evictions or where to receive additional advice or support.
- (39) The issue of skills also concerns consumers as such. To be able to benefit from the green energy transition, consumers need incentives and the skills to engage with energy in a more active manner through higher energy and digital literacy, in line with both their energy needs and energy reduction goals. That requires skills such as using smart metres and benefiting from demand flexibility and renewables. In that context, specific attention needs to be paid to vulnerable households and those affected by energy poverty to help them increase their energy, financial and digital literacy and overcome their more difficult starting position, also in the context of innovative technologies' uptake. Some groups may have restricted options to take adequate

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<sup>23</sup> Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design (COM(2023) 148 final)

<sup>24</sup> Decision (EU) 2023/936 of the European Parliament and of the Council of 10 May 2023 on a European Year of Skills (OJ L 125, 11.5.2023, p. 1).

<sup>25</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'European Skills Agenda for competitiveness, social fairness and resilience' (COM(2020) 274 final)

<sup>26</sup> [Energy Poverty Advisory Hub \(EPAH\) \(europa.eu\)](https://energy-poverty.ec.europa.eu/observing-energy-poverty/national-indicators_en)

<sup>27</sup> [https://energy-poverty.ec.europa.eu/observing-energy-poverty/national-indicators\\_en](https://energy-poverty.ec.europa.eu/observing-energy-poverty/national-indicators_en)

measures including those in rented accommodation, in social housing or other type of non-owned housing.

- (40) Financing is available to address energy poverty. At least 30 % of the total amount of the Union budget under the multiannual financial framework for the years 2021 – 2027<sup>28</sup> and of the total amount of the European Union Recovery Instrument<sup>29</sup> and at least 37 % of the total amount of the Recovery and Resilience Facility<sup>30</sup> should be spent on mainstreaming climate objectives. In this context, there is major scope for financing structural measures to address energy poverty. In particular, in accordance with Regulation (EU) 2021/241 of the European Parliament and of the Council, Member States have allocated a significant share of resources to energy efficiency measures, including building renovation. In the revision of the plans and the inclusion of REPowerEU chapters, energy poverty plays an important role as one of the six objectives that the reforms and investments should contribute to. The European Regional Development Fund and the Cohesion Fund<sup>31</sup> also provide significant investments towards the implementation of energy efficiency measures, including to specifically tackle energy poverty.
- (41) The Just Transition Fund<sup>32</sup>, as part of the Just Transition Mechanism, contributes to financing energy efficiency measures in territories facing serious socio-economic challenges deriving from the transition process towards the Union’s 2030 energy and climate targets. Many of these territories cluster major areas of energy poverty. Moreover, energy poverty is also eligible for financing from national revenue under the Union Emission Trading System set up by Directive 2003/87/EC of the European Parliament and of the Council<sup>33</sup>, and the allocations under the Modernisation Fund<sup>34</sup> and through the upcoming Social Climate Fund.
- (42) The Commission manages projects addressing energy poverty under Horizon Europe and the programme for the Environment and Climate Action (LIFE)<sup>35</sup>. Moreover, through the Union-funded Energy Poverty Advisory Hub it provides technical

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<sup>28</sup> Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433 I, 22.12.2020, p. 11).

<sup>29</sup> Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433 I, 22.12.2020, p. 23).

<sup>30</sup> Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17).

<sup>31</sup> Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund, OJ L 231, 30.6.2021, p. 60–93

<sup>32</sup> Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund

<sup>33</sup> Directive (EU) 2023/959 of the European Parliament and of the Council of 10 May 2023 amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system (Text with EEA relevance)

<sup>34</sup> Commission Implementing Regulation (EU) 2020/1001 of 9 July 2020 laying down detailed rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards the operation of the Modernisation Fund supporting investments to modernise the energy systems and to improve energy efficiency of certain Member States (C(2020)4541)

<sup>35</sup> Regulation (EU) 2021/783 of the European Parliament and of the Council of 29 April 2021 establishing a Programme for the Environment and Climate Action (LIFE), and repealing Regulation (EU) No 1293/2013 (OJ L 172, 17.5.2021, p. 53).

assistance to municipalities for energy poverty diagnosis, planning and implementation of local targeted actions. Under the Technical Support Instrument<sup>36</sup>, the Commission supports Member States, upon their request, in their efforts to design and implement reforms, including in the area of energy poverty, building renovation, and the drafting of the Social Climate Plans.

- (43) Structural measures, especially those for access to energy efficiency, building renovation or renewable energy require significant upfront and continuous funding, in line with Article 28 of Directive (EU) 2023/1791. It is important that public expenditures and financing schemes are adequately adapted to support vulnerable households in energy poverty, mobilise further private investments, promote energy efficiency lending products, provide public guarantees. Member States should also accommodate their plans and programmes financed from the Union funds to target vulnerable households in energy poverty while creating synergies across all Union and between national, regional, and local plans and programmes.
- (44) Considering that households affected by energy poverty lack own resources and have limited access to commercial loans, they face barriers to access finance for investments. Such households therefore need public financial support that can take the form of a direct upfront subsidy, a direct payment for the energy efficiency or renovation works, a public loan that allows households to pay back the public investment as they save on their energy bill, zero-to-low interest loans or any other innovative way of financing to help them finance energy renovation works.

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<sup>36</sup> Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument (OJ L 57, 18.2.2021, p. 1–16)

HEREBY RECOMMENDS THAT MEMBER STATES:

*Section I – implementation of the legal framework*

1. Take swift steps to transpose and implement the definition on energy poverty pursuant to Article 2, point (52), of Directive (EU) 2023/1791 into national law. The national definition should distinguish the concept of ‘energy poverty’ from the concept of vulnerable customers, based on Article 3 of Directive 2009/73/EC, on Article 28 of Directive (EU) 2019/944 and on Article 24(1), first subparagraph, of Directive (EU) 2023/1791.
2. Ensure that the differences between the concepts of vulnerable customers and energy poverty, as well as their complementarities are duly reflected in policies and measures at national level to help Member States prepare relevant policy packages to address energy poverty and empowerment measures.
3. Take advantage of the holistic framework established by the National Energy and Climate Plans to analyse and update the issue of energy poverty in their territory and to reflect on ways to address it. In doing so Member States should take first steps in the preparation of their Social Climate Plans.
4. Consider indicators provided at national and EU-level for determining the number of households affected by energy poverty and participate in the surveys as part of the relevant modules of the European statistics on income and living conditions. Member States should pay particular attention to data quality and comparability of the alternative data sources and be transparent about which indicators they use to identify and fight against energy poverty (including information on the income deciles).

*Section II – structural measures, affordability and access to energy*

5. Clearly distinguish between structural measures to address energy poverty and measures to improve affordability of energy.
6. Prioritise effective and well-targeted structural measures to address root causes of energy poverty, when it comes to energy efficiency, building renovation, thermal retrofitting (while respecting the character of the buildings), access to energy efficient appliances and to renewable energy. Member States may accompany structural measures with well-targeted measures to improve affordability of energy, such as targeted income support and social tariffs, or to temporarily support households affected by energy poverty.
7. Put in place measures to prevent disconnections of consumers affected by energy poverty and vulnerable consumers, through targeted financial support schemes, and actions, in both the short and the long term, comprising among others payment plans

and energy efficiency advice, alternative supply contracts or assistance from social services and civil society organisations. To further protect consumers and ensure continuity of supply, Member States should ensure a supplier of last resort.

8. Ensure coherence across policies, in particular between energy and social policies, and avoid contradicting measures. Member States should include energy poverty into wider and integrated social policies and social justice approaches and apply inclusive and empowering policies, particularly for households affected by energy poverty, tenants, people living in social housing and occupying buildings with the worst energy performance.

### *Section III - Governance*

10. Ensure an enhanced governance with a holistic approach to tackle energy poverty, including cross-departmental and vertical collaboration across national, regional, and local governance structures, involving closer engagement with vulnerable households and relevant energy and social partners and stakeholders.
11. Consider designating and empowering national energy poverty observatories, which may include public authorities, academia, NGOs, energy providers and suppliers, while giving them a clear mandate and means to identify, monitor, and analyse the situation of energy poverty at local, regional, and national level to inform decision-making.

### *Section IV – Trust, engagement and communication*

12. When designing measures and actions that tackle energy poverty, pay particular attention to targeted and tailored communication that builds trust among beneficiaries of relevant schemes and avoids stigmatising vulnerable groups. Member States should make use of qualified front line workers referred to in point 21 to help identify and advise households in energy poverty.
13. Step up energy efficiency information campaigns targeting households affected by energy poverty, to ensure that those population groups receive tailor-made information and advice while using all the potential of energy advisory networks and one stop shops. Those campaigns should encourage the uptake of energy efficiency measures also in the rental sector, mitigating split incentives between landlords and tenants and reducing energy poverty through lower energy bills resulting from renovations.

### *Section V - Energy efficiency*

14. Take actions to accelerate the renovation rate regarding the buildings with the worst energy performance, in the way that ensures at least as much savings as the household needs to achieve adequate indoor thermal comfort. Support measures for households affected by energy poverty should take into account the ownership structure in the housing market and avoid exclusion of homeowners affected by energy poverty on the one hand and of tenants on the other.
15. Establish regulatory and social safeguards and analyse the policy mix to ensure that housing costs following energy efficiency improvements or renovations of dwellings do not result in excessive increases in rents and housing costs which can lead to unaffordability issues, displacement of residents, evictions and gentrification.
16. Set up schemes that enable access of households affected by energy poverty to energy efficient household appliances, in order to reduce the energy bills of both tenants and homeowners.
17. Speed up the deployment of smart metering systems allowing consumers to have timely access to their electricity and gas consumption and enable them to manage their energy consumption and reap benefits from advancements in energy technology and digitalisation. Those efforts should take into account the specific needs of customers affected by energy poverty and vulnerable customers and uphold the Union data protection standards.

### *Section VI - Access to renewables*

18. Ensure that households affected by energy poverty are enabled to be part of the decarbonisation gains and a socially just transition. All households should have equal access to the use of renewable energies, and innovative energy technologies and benefit from the phase out of fossil fuels in the heating sector.
19. Enable households affected by energy poverty access to energy sharing schemes among others by removing financial entry barriers for such households and encourage engagement of municipalities in such schemes.

### *Section VII - Skills*

20. Ensure that policy makers at all levels of administration, as well as energy practitioners and advisors are trained on energy matters, including on topics related to energy poverty, taking into consideration the multidimensional aspects of energy poverty and the context of clean energy transition. Member States should make use of available Union technical support in this area.



21. Roll-out programmes to train front line workers in energy poverty and green energy solutions. Front-line workers addressed in those programmes should include health and social care workers or other professionals who can help identify households affected by energy poverty and provide them directly with advice and information on solutions to reduce energy consumption and access more affordable and innovative sources of energy.
22. Offer targeted training courses for energy poor households affected by energy poverty, including those with low digital skills. Such courses should enhance the energy and digital literacy awareness of households affected by energy poverty, enable them to better control their energy bills and participate actively in the clean and just energy transition.

#### *Section VIII - Financing*

23. Make use of the available Union funding to further tackle energy poverty, through means-tested and tailor-made energy efficiency support schemes and schemes allowing households affected by energy poverty to access collective self-consumption schemes. Member States should simplify as much as possible the conditions for requesting the funds and limit the number of administrative obstacles and accompanying costs for such requests.
24. Design specific energy efficiency support schemes targeting households affected by energy poverty. When setting up these schemes, Member States should keep in mind that these households cannot afford paying upfront costs of renovation although they would be reimbursed afterwards, and that they do not benefit from tax related bonuses and deductions as their income tax is minimal.
25. Support the development and scaling up of innovative financing schemes for renewable energy and energy efficiency actions and schemes dedicated to energy poor households affected by energy poverty.

Done at Brussels, 20.10.2023

*For the Commission*  
*Kadri SIMSON*  
*Member of the Commission*

