

# Energy efficiency for vulnerable consumers

following-up on the round-table held  
in the Verkhovna Rada on 15 June  
2015

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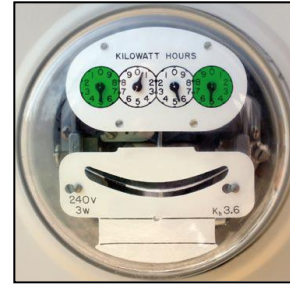
European Commission,  
Support Group for Ukraine (SGUA)

Policy talk, 3 November 2015, Kiev

# Protection of vulnerable energy consumers



EU legislation requires but is not prescriptive about methods to protect/empower vulnerable consumers – it is the job of the national authorities/ legislators



Main 6 categories of instruments and practices in the EU countries:

- Household energy efficiency (for vulnerable consumers' homes)
- *Financial support (to help vulnerable customers manage their bills)*
- Protection (consumer protection measures for those in vulnerable situations)
- Information and engagement (to empower vulnerable consumers)
- Transparency and information sharing between stakeholders (to help identify, or target support to, consumers in vulnerable situations)
- Physical measures e.g. avoiding disconnections



# Conclusions from the round-table in the Rada held in June 2015



- **Need to prioritise measures with long-lasting effect** to create long-term solutions to make the alleviation of energy poverty more sustainable.
  - >> Critical area for intervention should be related to the **renovation of buildings for social housing and low-income households** (in Ukraine possible savings may exceed 50%)
  - >> **Current subsidies scheme** to compensate tariff increases (currently covering 1/3 of the population and ca.4% of the Ukrainian GDP) **does not incentivise energy saving**
  - >> Urgent need for introducing a **mix/package of measures to reach vulnerable consumers** (financial, advice and information, legal)
    - modifications to the existing measures (incl. the subsidy scheme itself) and introducing new measures

# Conclusions from the round-table in the Rada held in June 2015



- Energy efficiency **measures should be tailor-made** taking into account specificities of different group of consumers
  - » Energy efficiency obligations schemes or alternative measures (e.g. **Energy Efficiency Fund**) should allow that a defined part of the benefits is targeted at vulnerable consumers (tailored to the specific needs of specific groups of vulnerable consumers to avoid too many free-riders and not cost-efficient actions)
  - » Recent modification of the existing support scheme of the SAEE for the thermal renovation of buildings (up to 70% grant to OSBB with VC) – **need for additional measures to increase the scale of the outreach and ensure maximising benefits for vulnerable consumers**

# Conclusions from the round-table in the Rada held in June 2015



- To improve acceptance of the tariff reform, vulnerable consumers must be provided with **basic means of controlling their energy (heat) consumption** (individual metering & consumption-based billing information; thermostatic valves)
  - existing measures allow but do not always ensure
- Energy efficiency measures should ideally be designed in a way to **create win-win solutions**
  - to vulnerable consumers and the state budget/economic development (job creation, revenues from taxation, etc); to landlords and tenants of buildings (solving split incentives); to energy suppliers and energy consumers (current subsidy scheme does not incentivise investments); etc

# Conclusions from the round-table in the Rada held in June 2015



- Introduction of energy efficiency measures addressing (vulnerable) consumers needs to be **accompanied by targeted awareness raising**
  - » Current focus on advertising and helping people to join the subsidy scheme
  - » Need to reach vulnerable consumers with practical and useful **advice on how to save energy** provided by independent organizations and involving different stakeholders (social welfare, charities, energy agencies, advice centres, consumers association and others whom vulnerable consumers trust)



Recent report of Friedrich Ebert Foundation, Kyiv Institute of Sociology and NECU on Attitudes of the Ukrainians towards energy saving:

- Apparently, 9 out of 10 Ukrainians consider implementation of energy efficient technologies a very costly practice
- (...) the population of Ukraine does not consider subsidies as an effective mechanism to facilitate adaption to new tariffs: 61% think that providing subsidies will not sufficiently facilitate population's adaptation to new tariffs (55% among those who are already receiving state subsidies)



Дякую за увагу!  
Спасибо за внимание!

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**Right to be informed about energy performance of energy-using products**

**Right to market protection against products with extremely poor energy performance**

Directive 2009/125/EC and Directive 2010/30/EU.

Eco-design requires a minimum level of efficiency for new products.

Energy label allows consumers to choose more efficient products (under EED buying products with highest classes is a requirement for procurement by public bodies)



# Energy Performance in Buildings Directive



## Key elements for consumers:

- Mandatory Energy Performance Certificates when renting or buying
- Minimum energy performance requirements for
  - New buildings
  - Buildings undergoing major renovation
  - Building elements
- Mandatory inspection of heating and cooling systems over certain size
- Independent experts and quality control
- Introduction of nearly Zero-Energy Buildings

