



# POWERPOOR

Empowering Energy Poor Citizens through Joint Energy Initiatives

## Updated EU Policy Recommendations

Working on the ground with energy-poor households and policymakers to mitigate energy poverty.

August 2023

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Deliverable 5.9: Updated EU Policy Recommendations

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# Table of Contents

- Table of Contents .....4
- Table of abbreviations .....4
- Enable people-centered and local level action to address the inefficient building stock through the Social Climate Fund and Energy Performance of Buildings Directive.....6
  - Fund local One-Stop-Shops (OSS) for building renovation and energy poverty mitigation.....6
  - Channel parts of the Social Climate Fund directly through local government budgets .....6
  - Issue guidance on good practices regarding how OSS can advise landlords on schemes for building renovation.....7
- Promote energy communities to lower energy costs via SCF .....7
  - Use SCF funds to pay for vulnerable households’ participation in energy communities .....7
- Ensure better and holistic planning .....8
  - Revise the Governance Regulation.....8

# Table of abbreviations

Abbreviation	Explanation
EU	European Union
CECs	Citizen Energy Communities
IEMD	International Electricity Market Directive
NECP	National Energy and Climate Plan
nLTS	National Long-Term Strategy
OSS	One-Stop-Shops
RECs	Renewable Energy Communities
SCF	Social Climate Fund

## Introduction

According to Eurostat's most recent [data](#), in 2022, 42 million people in the EU could not afford to heat their homes adequately. Additionally, approximately 52 million people delay paying [their energy bills](#) (source: Energy Poverty Advisory Hub). These data show us only the tip of the iceberg. To address Europe's energy poverty problem, there is a need for a holistic as well as a multilevel governance approach that enables active participation of citizens, subnational governments and small and medium-sized enterprises in energy saving and energy production. Broad stakeholder ecosystem engagement can, on the one hand, accelerate the EU's energy transition; on the other hand, it can enable all actors of the society to have an active role in the transition. The EU's enhanced climate and energy legislation under the European Green Deal plays a key role in addressing energy poverty and enabling a just and fair transition to climate neutrality that is designed in a collective way.

The [POWERPOOR](#) project, which developed local support programmes for energy poor citizens, trained "energy supporters and mentors" and assessed required regulatory frameworks in eight Member States. This document now briefly presents how different elements of the recent EU 2030 climate and energy legislation can help alleviate energy poverty. Examining different elements of the Fit for 55 package and other relevant energy legislation, the document offers recommendations for their implementation and transposition into national laws from the perspective of alleviating energy poverty on the local level. This document represents an update to the POWERPOOR EU recommendations published in December 2022 as part of deliverable [5.9](#) of the project.

*It is evident that local governments are in the spotlight when it comes to alleviating the impacts of energy poverty, being the level of government that is closest to the people. At the same time, municipalities do not currently have the required financial and human resources to fulfill this role. Evidence from POWERPOOR has clearly highlighted the substantial effort required to identify, reach out to and support energy poor individuals and households. Any EU or national measure to tackle energy poverty therefore needs to take this into account and provide structural and long-term support to local governments. Indeed, the [Local Staff 4 Climate Campaign](#) calls for an additional 214,000 positions to be filled in European local governments in order to just meet the challenges of the energy transition.*

## Enable people-centered and local level action to address the inefficient building stock through the Social Climate Fund and Energy Performance of Buildings Directive


### Fund local One-Stop-Shops (OSS) for building renovation and energy poverty mitigation

POWERPOOR has demonstrated the effectiveness of OSS to engage, inform and support citizens and many such initiatives have been set up by local governments in Europe. Within the project 22 Energy Poverty Alleviation Offices have been established in various municipalities across Europe, acting as one stop stops of support for mitigating energy poverty leveraging the POWERPOOR approach. However, their long-term operation is often at risk in light of financial and staffing constraints. It is imperative that Member States foster the use of funds available under EU funding programmes (e.g., LIFE, the Recovery and Resilience Fund as well as the upcoming Social Climate Fund) to catalyze local renovation rates, amongst others by supporting the setup and continued operation of local OSS that act as Energy Advisory Points or Energy Poverty Mitigation Points. Member States should include clear financing avenues for local one-stop-shops for building renovation and energy poverty mitigation in their Social Climate Plans. It is important that such financial support schemes have a long-term perspective in order to avoid a stop-and-go effect in which OSS pause or halt operations, compromising efforts to build trust, credibility and an investment pipeline that can take 2-3 years to establish.

### Channel parts of the Social Climate Fund directly through local government budgets

Currently, it is unclear if the Social Climate Fund (SCF) will provide funding to specific local projects, or if the funds will solely be accessible by national governments. The Commission already plans to provide guidance to Member States on how the SCF should be deployed to be in line with the “do no significant harm” principle. Such guidance should also include and suggest a concrete monitoring framework which ensures that SCF support actually reaches those who need it most.

Evidence from projects such as POWERPOOR has shown that local governments are ideally positioned to identify and act as contact points for energy poor individuals and households e.g., via the operation of local OSS and by working together with key local services (health, social, etc.) Tools such as [POWER TARGET](#) and [POWER ACT](#) can be used to engage, inform and empower energy poor households and provide guidance to building owners on the need for building refurbishment that considers tenants’ energy usage and subjective wellbeing. Guidance is needed to ensure that Member States, in addition to national-level renovation funds, directly channel financial



resources through subnational government budgets. Local governments should be involved in the decision-making process pertaining to SCF spending allocation at Member State level.

### Issue guidance on good practices regarding how OSS can advise landlords on schemes for building renovation

The [national roadmaps](#) to alleviate energy poverty, developed under the POWERPOOR project, have shown that incentivisation of the private real estate sector in building renovation efforts is a key bottleneck for the swift uptake of renovation efforts. A swift increase in building's energy performance is key to the mitigation of energy poverty. The roadmaps contain [actions](#) planned at national level to engage the private sector. EU-level guidance should now be produced containing good practice on how building owners / landlords can be incentivised to ensure good quality of housing for their tenants. [In France](#), for instance, it is no longer permissible to increase the rent on properties with a very low energy rating, thereby incentivizing renovation.

The roadmaps have also shown that funding programmes which cover 100% of the renovation costs could be a good solution. This should initially prioritize those properties which are owned and inhabited by energy poor households. Such schemes could be particularly focused on public social housing. However, it is clear that 100% funding schemes should not extend to all properties in a Member State in order to avoid frictions with limited public budgets (see e.g. complications associated with the now redacted Italian [Superbonus scheme](#)).

## Promote energy communities to lower energy costs via SCF

### Use SCF funds to pay for vulnerable households' participation in energy communities

All 8 [national roadmaps](#) developed under the POWERPOOR project have recognized the benefit of local ownership of energy infrastructure and energy communities in order to hedge vulnerable consumers against high prices. Currently, the SCF foresees that part of the available funding can be allocated directly as income support to certain low-income households. To ensure that such direct income support induces long-term energy savings and behavioral change, it could be used to cover the investment cost necessary for vulnerable households to become members of an energy community. Rather than targeting economic return via feed-in tariffs these energy communities should be focused on triggering rebates on the participating household's electricity costs via models such as collective self-consumption, energy sharing and (virtual) net-metering. In this way, the roll out of the SCF could be coupled with the transposition and implementation of the provisions relevant to Renewable Energy Communities

(RECs) under Art 2 (16) of the recast Renewable Energy Directive and Citizen Energy Communities (CECs) under Art 2 (11) of the International Electricity Market Directive (IEMD).

Especially in the case of local government driven energy communities, OSS could serve to inform energy poor households about opportunities to participate in energy communities. “Local government driven” does not necessarily entail that public servants are required to initiate and manage such energy communities. Rather, collaborations with energy market players and established energy cooperatives should be sought in order to outsource the technical work associated with setting up and managing the energy community, while local governments can focus on engaging and communicating with local citizens and civil society e.g. via OSS.

## Ensure better and holistic planning


### Revise the Governance Regulation

Thanks to the European Green Deal and other key legislations supporting objectives of this package of policy initiatives such as REPowerEU, the EU is currently aiming to achieve at least 57% domestic emissions reductions and at least 42.5% binding renewable energy target for 2030. In addition, the EU has set a binding energy efficiency target for the first time, aiming to reduce final energy consumption at EU level by 11.7% in 2030 compared to 2020 levels.

Overall policy developments since the publication of the Governance Regulation in 2018 have accelerated climate action and energy transition across the EU for all governance levels. A coherent and robust revision of the Governance Regulation would now be an important step to have a holistic and multilevel governance approach to address today’s energy markets, as well as to alleviate energy poverty.

According to the current Governance Regulation, Member States shall provide an integrated reporting on energy poverty. Unfortunately, to date, this has been implemented to a limited extent by Member States. A revision of the Governance Regulation should therefore on the one hand strengthen the requirement for energy poverty action and reporting, while also including a comprehensive update of the National Energy and Climate Plan (NECP) and National Long-Term Strategy (nLTS) templates. It is necessary to align these with other documents such as Member States’ SCF Plans (Social Climate Plans). Enhanced NECP and nLTS templates should encourage the use of tools and technologies, supporting data-driven approaches such as those featured by the [EU Energy Poverty Advisory Hub](#) and [POWERPOOR toolkit](#), to facilitate the identification of households facing energy poverty, and to foster new energy poverty mitigation actions such as the ones contained in the POWERPOOR





national roadmaps. NECPs and nLTS should become a key reporting tool on Member States' action to alleviate energy poverty.