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# **Vulnerable Consumers Protection Framework Paper**

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# The Vulnerable Consumers Protection Framework Paper

- Based on analyses of existing policies, measures and initiatives, the Framework paper makes policy proposals to improve the way energy poverty and consumers' vulnerability are addressed;
- It has evolved from the joint activities of the partnership within ASSIST project and it is a result of efforts and activities of wide range of participants. Trying to summarize different, sometimes contradictory views, it was discussed at 39 meetings within the 3-year ASSIST project process (of VCSCs and MADs) and was enriched by main conclusions linked to different project's activities. Preliminary results also have been presented to wide international events in EU.
- It consists of three parts:
  - ✓ Review and assessment of policy interventions for protection of vulnerable consumers in the field of energy poverty;
  - ✓ Review and assessment of project-based interventions
  - ✓ Policy Recommendations

# I. Review and assessment of policies' interventions

- **Risk identification:** the risk of energy poverty has been identified as a socially significant risk; it has received political recognition and a complex of some policy measures is in place to address it
- **Analyses of the risk and identification of its root causes:** reliable knowledge which identifies basic causes of the risk is not enough. Some important causes of energy poverty are not identified and their impact is not adequately assessed: such as, the general level of poverty & the state of social protection system; the level and quality of employment; the state and dynamics of energy production; the state and dynamics of the energy market, etc.
- **Formulation of policy measures** that address the causes of the risk: this stage is clearly affected by the weaknesses of the previous one; The most widespread and most significant measures - financial support to individuals and families at risk of energy poverty is aimed at mitigating the effects of the risk, not its root causes. The scope of the measures and the strength of their impact are not sufficient to effectively deal with the risk and eradicate the energy poverty;
- **Implementation of policy measures:** Assessments of this stage are more favorable, but they also suggest there is room for better collaboration between main actors.
- **Evaluations of the measures:** Sound evaluations of policy measures against energy poverty are rare, partial and limited. The lack of sufficient knowledge undermines the achievement of consensus between main actors and elaboration of adequate measures against energy poverty. Evaluations of the type of participatory research (with the participation of civic entities and the energy poor themselves) are largely missing.

## II. Review and assessment of project-based interventions

- Different positive outcomes:
  - ✓ Better informed consumers, incl. to some extent vulnerable consumers and energy poor people;
  - ✓ More developed qualifications of different stakeholders and capacity building
  - ✓ Better knowledge on energy poverty and vulnerable consumers
  - ✓ Created networks of different stakeholders
  - ✓ More informed policy proposals
- Still, the question to what extent they have contributed to the decrease of energy poverty remains open;
- The projects echo many of the weaknesses of policy interventions and are limited by their boundaries; If projects are based and embedded in a different, more efficient policy framework they could be much more useful;
- There is no clear mechanism for incorporating the positive results of project-based interventions: the outcomes remain unsustainable, scattered in space and limited in time; and policy proposals, although recurring, do not appear to have a major impact.

### III. Policy Recommendations

1. Enhancing better consistency when addressing the **direct drivers of energy poverty**;
2. Improving efficiency of **energy market**;
3. Improving the **consistency of policies** that impact on energy poverty;
4. Developing **new forms and practices of more democratic decision-making** in the field;
5. Strengthening and intensifying **the knowledge basis** on interrelated policies, including evaluations;
6. Ensuring better integration of policies and initiatives at **EU, national and local level.**



# III.1. Enhancing better consistency when addressing the direct drivers of energy poverty

1. **Much more careful monitoring, analyses and appropriate interventions in the process of energy prices formation** are needed. Energy prices' level and their rise have direct and strong impact on energy poverty & vulnerability, but at the same time they are rarely addressed by the actual policy measures.
2. **Regularly assess and update incomes and levels of social benefits Incomes against adequate minimum incomes,** including costs for energy. The level of the support is quite often assessed as insufficient.
3. Targeted support for improving the **energy efficiency of houses** of energy poor/ energy vulnerable households **should be a high priority**
4. The **interrelationship** between the 3 drivers.

## III.2. Improving efficiency of energy market

1. Need to consider **the normative framework** of the energy market, mitigating imbalances of market actors' bargaining power, improving transparency of information flows, etc;
2. Carry out a careful review and analyses on **the way energy markets are constructed** (effectiveness of existing regulations/de-regulations) **and perform**: the level of competitiveness and, how markets shape energy prices;
3. Provide **transparent information on businesses practices &** strengthen measures against illegitimate business practices.
4. Stimulate **new forms of ownership in energy production and distributions, such as energy cooperatives and prosumers,** and enhance **de-concentration trends** to counteract the current practices that exclude and alienate consumers from the energy supply chain.

## III.3. Improving the consistency of policies that impact on energy poverty

1. A just transition to clean energy requires clear estimates of its impact on different income groups, careful decision-making ensuring **fair distribution of financial burden, profits and losses**. Since the transition to clean energy is a common good, its price should be covered by **general progressive taxation**, instead by levies applied to energy consumption/bills. A simultaneous shift of the taxes from consumption to the kind of energy (sources) could be useful.
2. **Employment policies** if supporting low **quality of jobs**, incl. pressure on average and low incomes and growing income inequalities result in support and increase of energy poverty. Minimum incomes, including minimum salaries/wages, minimum pensions, unemployment benefits, etc. need to be assessed in relation to the basis of minimum **adequate standard of living**, including energy needs.
3. Pursue an collaborative and meaningful Integrated approach to better integrate and meaningful collaboration could fill in the current gaps between policies in different fields (e.g. such as tax policies, employment policies, social policies [(especially **austerity measures and the so-called retrenchment of the welfare state**])) and those that are anti-energy poverty.
4. Adequately consider the interaction of **social justice and environmental concerns** to avoid the need to be considered together. Otherwise there is a danger they may mutually to paralyze each other.
5. **Healthcare**: social price of energy poverty
6. **Timing**: Carefully assess the sequence of policy steps. A faster rate of the transition to production of energy from renewable sources, compared to the rates of consumers' incomes growth and poverty reduction. When the growth of energy production from renewable sources is much faster, it can reduce the effects of the policies to tackle energy poverty.



## III.4. More democratic decision - making process, including better involvement of diverse different actors in the field.

1. Strengthen the **participation** of NGOs and vulnerable consumers in **monitoring the causes, the state and consequences of energy poverty**.
2. Enhance a structured dialog and improve **feedback, by transmitting energy advice "from below"** — i.e. the opinions and advice from vulnerable consumers – to policy makers would help to empower vulnerable consumers and find better solutions to existing problems.
3. Create stronger stimuli for CSOs, in the field and people in energy poverty and vulnerable consumers to become **better and meaningfully engaged with policies' formulation and implementation**.
4. **Use the already accumulated experience** of CSOs, established networks and training activities to improve the awareness raising and derive lessons on available weaknesses.
5. Strengthen and better coordinate **the role of intermediaries** in order to improve actors' interactions, and thereby by better coordination and strengthening the role of intermediaries is important to stimulate social approval and public support for reform.:
6. Special efforts to expand participation in the political decision-making process, especially of vulnerable consumers and the organizations that represent them.

## III.5. Strengthening and intensifying the knowledge base on interrelated policies, including evaluations.

1. Identification of **causes, target groups and adequate indicators**;
2. **Social impact assessments (including participatory assessments)**, along with more intensive evaluation of policies against energy poverty as well as **monitoring of their impact on inequalities and distributional effects**, could help improve all the other stages of the policy cycle.
3. **Evaluations** are particularly necessary to **identify**, in a timely manner, **any unexpected and undesirable effects of policies**.
4. Additional attention is needed for the useful **feedback from the evaluation stage back into the identification stage**. Use the already accumulated experience of CSOs, established networks and training activities to derive lessons on available weaknesses.
5. **Wealth of knowledge** not used: Currently, plenty of research and projects (on EU, national and local level) remain insufficiently used to improve the whole policy cycle. The elaboration of a clear, and transparent mechanism for incorporating research and assessments' results could enhance higher quality of subsequent elaborating and implementing policies, including increased knowledge for **“evidence-based policies”**.

## III.6. Ensuring better integration of policies and initiatives at EU, national and local level.

Better integration could provide better outcomes - this is already proofed by the mobilizing effects of EU-wide policy recommendations and actions and the supporting effects of local initiatives;

1. Development, at EU level, of **clearer guidelines and indicators** would help EU Member - States to elaborate their national definitions and indicators, and thereby would strengthen the national policies in the field.;
2. The establishment of **national Energy Poverty Observatories** could generate improved database, transparency and networking, facilitate knowledge sharing and co-production among Member States and relevant stakeholders. This is could be especially useful for Member States with high levels of energy poverty and consumers' vulnerability. And in coordinated activities with EU Energy Poverty Observatory it they could contribute to better co-operation at EU level;
3. Additional and substantial efforts are needed to **transfer lessons** from Member States with low levels of energy poverty and vulnerability (e.g. like Finland) especially to those Member states with high and persistent energy poverty levels. While there are efforts to build data base with good practices, the mechanisms for real transfers are not developed.

# In conclusion

1. Policies' deficiencies could generate social risks. **Sound public policies** need to better integrate cognitive basis and moral dimension in the field;
2. We consider **a new policy mix** is necessary addressing consistently the different areas outlined; this is linked to the European Commission recommendation for a “comprehensive policy mix to ensure a just transition” (2019);
3. It could benefit from what could be called ‘**energy welfare**’: a concept incorporating a good consumers’ purchasing power (instead the current divide between incomes and prices), good quality of homes, and affordability of using clean energy;
4. **Imagine an EU highway to ‘energy welfare’**: The different EU countries are at very different distances from this highway. Depending on clear recognition of their successes and failures they need different steps and efforts to reach it.

**Thank you very much!**