

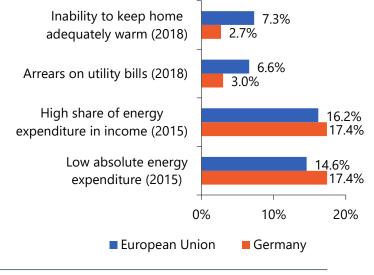
This Member State Report of the EU Energy Poverty Observatory (EPOV) provides an overview of the energy poverty situation in Germany at a glance. With key indicators, policies and publications, it offers an understanding of the key aspects of energy poverty in Germany.

Germany performs better than the EU average on the population-reported indicators. A 2018 survey indicated that 2.7% of the population was unable to keep the home adequately warm and 3.0% were in arrears on utility bills.

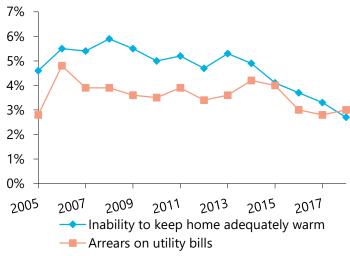
Germany's performance in the expenditure-based indicators is poorer than the EU average. In Germany, 17.4% of households spend a high share of their income on energy expenditure. The high energy expenditure is likely to put a strain on the household budget and might indicate a poor energy efficiency of the building.

The energy expenditure of 17.4% of households is unusually low. These households might restrict their energy spending below what is necessary to meet their needs.

### Performance relative to EU average\*



# Performance over time\*



Both population-reported indicators show a decline in energy poverty in recent years.

The percentage of people that are unable to keep their home adequately decreased from 5.9% in 2008 to 5.0% in 2010 before increasing again to 5.3% in 2013. Since then it decreased to 2.7% in 2018.

The number of people that live in households with arrears on utility bills decreased from 4.8 % in 2006 to a minimum of 3.5 % in 2010 before peaking again at 4.2 % in 2014. Since then it decreased to 3.0 % in 2018.

### About the EU Energy Poverty Observatory

The EU Energy Poverty Observatory (EPOV) is an initiative by the European Commission to help Member States in their efforts to combat energy poverty. It exists to improve the measuring, monitoring and sharing of knowledge and best practice on energy poverty. EPOV has been developed by a consortium of 13 organisations. This report was authored by Navigant.

\*Population-reported indicators taken from Eurostat <u>here</u> and <u>here</u> on November 19, 2019. Expenditure-based indicators calculated by EPOV based on HBS data. Disaggregated data of population-reported indicators calculated by EPOV based on Eurostat provided data.

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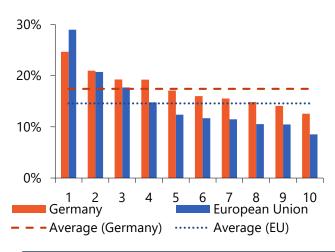


Disaggregated data of the household-reported indicators suggest that energy poverty in Germany is primarily a problem for the 49% of the population that rent their dwellings, particularly for people living in social housing (9% of the population). This is in line with the EU average.

Further disaggregated data indicate that people living in apartments (57% of the population) are more susceptible to energy poverty.

Moreover, the data shows that the 37% of the population living in urban areas are slightly more likely to be unable to keep their home adequately warm.

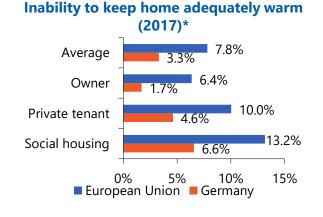
### Low absolute energy expenditure by income deciles (2015)\*



In 2007 the cost of electricity in Germany was 23% higher than the EU average. Since then the cost of electricity in Germany has risen disproportionally to a peak of 30.5 ct per kWh in 2017 (50% above the EU level).

The high electricity costs increase the risk of energy poverty if not mitigated by policy measures.

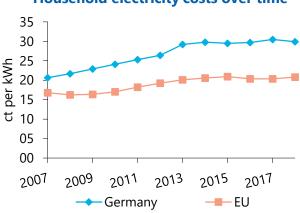
An important driver of the increase is the renewable energy surcharged that is used to pay for the feed-in-tariff. It has increased from below 1 ct per kWh in 2007 to 6.88 ct per kWh in 2017.



The fraction of households that have a low absolute energy expenditure in Germany (17.4%) is above the EU average (14.6%). Moreover, the distribution among income groups differs drastically.

In Germany there is less variance between income deciles with 24.6% of the poorest and 12.6% of the richest income decile having a low energy expenditure. In the EU the variation is higher with 29.0% and 8.5% of the poorest and richest decile respectively having a low energy expenditure.

This indicates that Germany's below average performance on the expenditure-based indicators might partly be explained by varying energy needs across households due to differences in energy efficiency, rather than an inability to afford needed energy expenditure.



#### \*Population-reported indicators taken from Eurostat here and here on November 19, 2019. Expenditure-based indicators calculated by EPOV based on HBS data. Disaggregated data of population-reported indicators calculated by EPOV based on Eurostat provided data.

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## Household electricity costs over time\*



Germany has an active research community in the field of energy poverty and related issues. First studies surrounding the topic were already published around the end of the 2000s, and in recent years there have been multiple studies on the impact of the German energy transition on energy poverty.

The national government treats energy poverty as part of comprehensive set of social policies that tackle poverty in general. Furthermore the energy affordability is part of the triad of goals of the German energy transition.

The national government has several policies in place, some directly targeting energy poverty. *Basic social support* considers all households' living expenses that are required for subsistence, including energy costs. In addition, government-backed loans can be provided for outstanding energy payments to avoid disconnection and in some cases, long-standing debt due to energy costs can be taken over by the government. Financial support is also available for energy efficiency improvements, but these are generally not targeted to energy poor households.

Many consumer advice centres of the German federal states support state governments in addressing energy poverty through targeted research, and by implementing energy poverty measures such as free advice on energy savings to low-income households.

On a local level there are multiple initiatives that address energy poverty, for instance by improving the energy efficiency of the dwellings. One common measure is to provide energy audits to households by volunteers and trained professionals. The *Caritas Electricity Savings Check* provides national support to local governments and organisations to set up an energy audit programme. There is a wide range of other examples of local initiatives. These include the provision of financial and legal support regarding energy bills and a social tariff by local energy suppliers, such as the *Care-Energy social tariff* in Hamburg. In some cities (e.g. Bielefeld), a premium for energy efficient households enables households that are on social benefits to rent energy efficient housing. In a pilot project in the city of Cologne power disconnections were avoided and power limitations through smart meters used instead.

Selected measures	Type of measure	Organisation	Target groups	Start year	Result
Climate premium Bielefeld	Building insulation, Heating system	Local government	Households on social benefits,	2007	Households who are on social benefits to rent energy efficient housing
Loan for outstanding energy payments	Disconnection protection	National government, Regional government	Households on social benefits, Unemployed	2014	Households who are on social benefits receive loans for outstanding payments
Caritas Electricity saving check	Energy audits, Household appliances	National government, NGO	Households on social benefits	2008	Households could save 130 EUR on average per year on energy costs. Over the lifespan of the provided equipment around 440,000 tons of $CO_2$ and 275 million EUR can be saved.
Social funding for energy bills Hannover	Energy bill support	Local government	Households on social benefits, Low-income households	2011	5,000 disconnections prevented by the measure from 2011 to 2016.
NRW combats energy poverty	Information and awareness, Disconnection protection	Regional government, NGO, Energy suppliers	No specific target group	2012	2,703 households received advice.
Basic social support	Social support	National government, Regional government	Low-income households, Unemployed		Funding for basic needs, including energy costs is covered.
<u>Care-Energy social tariff</u> <u>Hamburg</u>	Social tariff	Energy suppliers	Low-income households	2012	Energy bills for low-income households capped at a maximum of 8% of household income.
Power limiters instead of disconnection in Cologne	Disconnection protection	Local government, NGO, Energy suppliers	Indebted households	2013	660 households had power supply limited instead of disconnected

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This page gives an overview of the most relevant organisations working on energy poverty in Germany and presents publications on energy poverty in Germany.

Organisation

#### Name: Caritas Organisation type: NGO Description:

The German Caritas is a catholic organisation that was founded in 1987 to support people in need. It works on different topics related to poverty including energy and carries out the project electricity saving check that provides support to local governments to set up an energy audit programme (see page 3).

**Title:** <u>Energy and social inequality. The social</u> <u>dimension of the energy transition in</u> <u>Germany and Europe</u>

Authors: Luschei, F., Bleckmann, L., and Schreiner, N.

#### Year: 2017 Description:

This publication evaluates the reasons for energy poverty in Germany such as low income, low energy efficiency and a lack of information. It then carries out an empirical analysis of the extent of energy poverty in Germany and the different causes. Finally, this analysis is used to evaluate different measures to support energy poor households.

Publication

#### Name: Verbraucherzentrale NRW Organisation type: Regional government Description:

The Verbraucherzentrale NRW is the consumer advice centre for the region of North Rhine-Westphalia (NRW). Consumers can ask for support in case of problems e.g. with their energy provider. It participates in political discussions voicing the needs of consumers. It is carring out the project NRW combats energy poverty.

**Title:** <u>Common ways out of energy poverty:</u> <u>experiences and successes from North Rhine-</u> <u>Westphalia</u>

Authors: Verbraucherzentrale Nordrhein-Westfalen

### Year: 2015

### Description:

This publication summarizes the results of the project "NRW combats energy poverty" which was a comprehensive information and consultation campaign in a region of Germany. The publication discusses definitions of energy poverty, the impact of energy poverty and means to address energy poverty.

## **Other selected Publications**

- Deutsche Caritasverband (2013) <u>Energy poverty enabling participation: cornerstones and position of</u> <u>the DCV to fight energy poverty</u> (*in German*)
- Heindl, P. (2013) <u>Measuring fuel poverty: General Considerations and Application to German</u> <u>Household Data</u>
- Kopatz, M. (2013) <u>Energy transition. But fair! How the energy future can be made socially sustainable</u> (*in German*)
- Tews, K. (2014) Fuel Poverty in Germany: From a Buzzword to a Definition (in German)
- Luschei, F., Bleckmann, L., and Schreiner, N. (2016) <u>Is energy poverty a new social risk? An empirical</u> <u>analysis as a basis for social policy</u> (*in German*)
- Bundesministerium für Wirtschaft und Energie (2019), <u>Response to inquiry on extent and</u> <u>consequences of energy poverty</u> (*in German*)

For definitions of the terms used in this report <u>click here</u>. The EPOV website provides an extensive collection of Knowledge & Resources. <u>Click here</u> for more information and to contribute additional policies, publications and other resources.

This report was completed in February 2020.

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EU ENERGY POVERTY Observatory



**Publication** 

Organisation