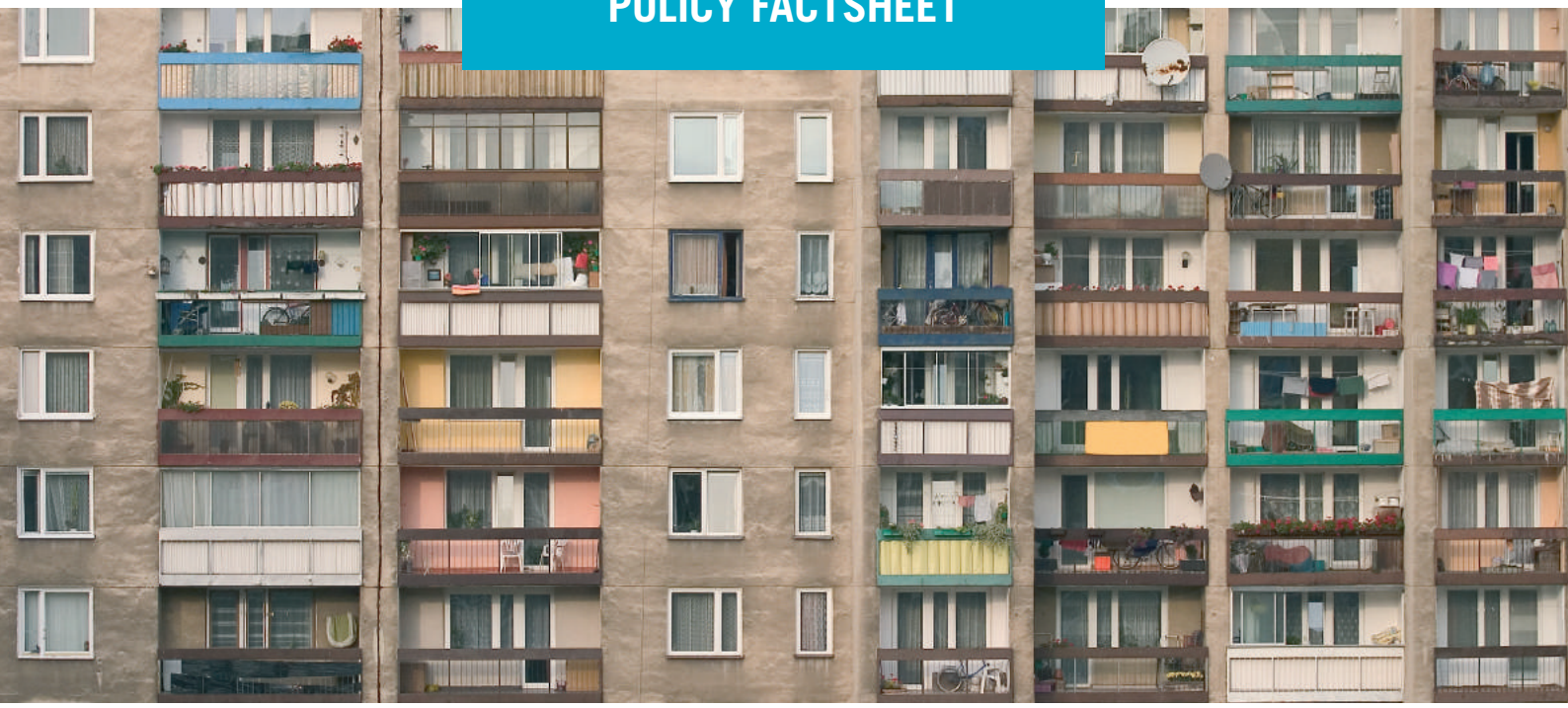
POLICY FACTSHEET



REDUCING ENERGY POVERTY WITH NATIONAL RENOVATION STRATEGIES: A UNIQUE OPPORTUNITY

The long-term renovation strategies developed by Member States are an opportunity to reduce energy poverty through stimulating deep renovation of buildings.

Member States cannot miss the opportunity to achieve the triple goal of increasing the rate and depth of renovation, achieving energy savings targets and improving the living conditions of millions of vulnerable citizens. National renovation strategies must include dedicated policies and measures for low income households.

POLICY RECOMMENDATIONS

Article 2a of the Energy Performance of Buildings Directive (EPBD) should require Member States to establish specific measures and financing instruments in their renovation strategies to decrease energy demand and contribute to the alleviation of energy poverty.

National programmes renovating low income and energy poor homes can be highly cost-effective considering the wider health, societal and economic benefits of renovation. Shifting public budgets from energy subsidies to the energy poor to energy renovation programmes will mobilise investment in renovation, which is a key aim of the national renovation strategies. Member States can use EU funds, such as Structural and Cohesion funds that aim to improve the welfare of EU countries, as source of funding for programmes to renovate the homes of the energy poor.

Deep renovation has far-reaching benefits for society and public spending, since increasing indoor comfort and air quality avoids illnesses and premature deaths associated with living in cold and damp homes, and this in turn reduces pressures on the healthcare and social services. The construction sector will also benefit from increased renovation activities as it creates more jobs.

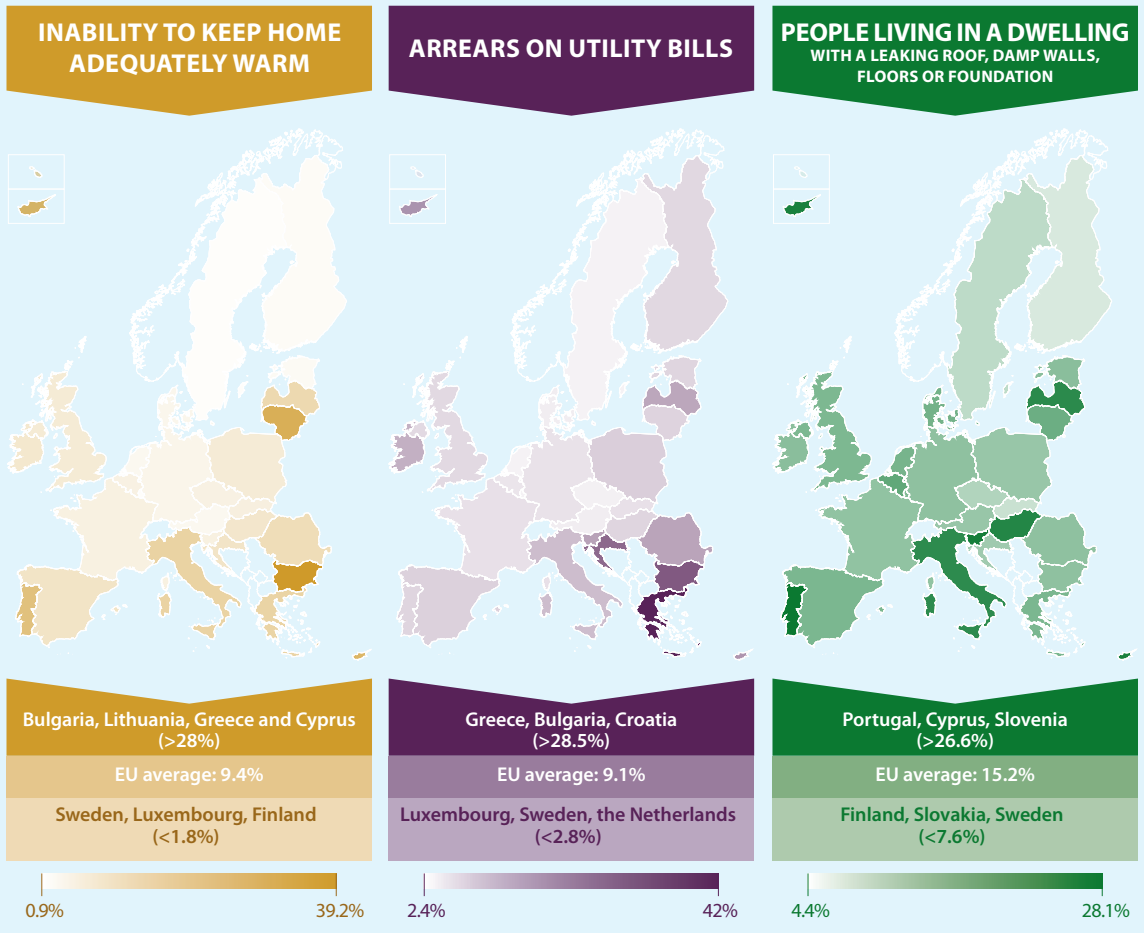
BPIE

WHY IS ENERGY POVERTY[1] A PRESSING PROBLEM?

At least 50 million Europeans, around 10% of the total population, are energy poor. Energy poverty is linked to low household income, high energy costs and energy inefficient homes, and is known to have severe impacts on the health of EU citizens including increased numbers of winter deaths, detrimental effects on mental health, respiratory and circulatory problems.

Energy poverty can be illustrated by three main issues: inability to keep homes adequately warm, living in a dwelling with a leaking roof, rot windows and damp walls; and arrears on utility bills.

Figure 1 - Energy poverty in Europe (Source: BPIE own analysis based on 2015 Eurostat data)



> Greece, Bulgaria, Cyprus, Portugal and Lithuania have high rates for all three energy poverty indicators.

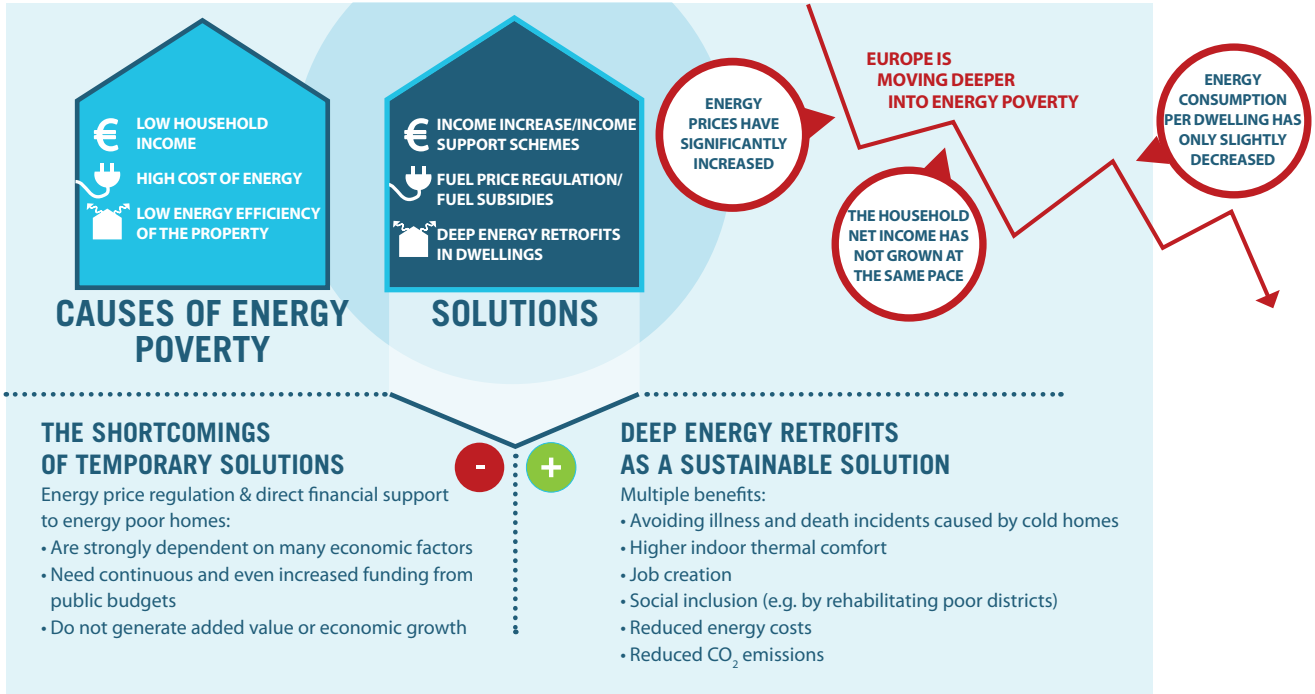
> Luxembourg, Czech Republic, Finland have lower rates for all three energy poverty indicators.

Boosts to household income through social welfare subsidies and regulation of energy prices are frequently used to tackle the issue, but with energy costs growing faster than household income, these are merely stopgaps continuously draining the public purse and don't provide a sustainable solution.

Deep energy renovation of the homes of the energy poor is a long-lasting and sustainable solution to energy poverty - addressing the root of the problem and increasing the warmth of homes, lowering energy bills, and improving the quality of the dwelling, at the same time as increasing renovation rates and meeting the Paris commitment.

[1] Sometimes also described as energy scarcity

Figure 2 – Possible solutions and their bottlenecks (Source: BPIE own analysis)



EXAMPLES OF SUCCESSFUL POLICIES

Successful policies have been established to address energy poverty through deep renovation of the homes of the energy poor in some Member States, proving that the double objective of reducing energy consumption and alleviating energy poverty is achievable.

LITHUANIA

In 2009, the Lithuanian government and the European Investment Bank (EIB) established the Lithuanian JESSICA Holding Fund for multi-family building renovation, with an initial investment of €227 million – €127 million from the European Regional Development Fund and €100 million in national funding. The Fund offers long-term loans with a fixed interest rate (3%) for the improvement of energy efficiency in multi-family buildings, and for low-income families the loan can be converted into a grant. **Until 2015, renovation of some 1,055 buildings had been financed under the JESSICA Holding Fund, totalling around 29,500 apartments. Since May 2015, through JESSICA II, 3,300 apartments in 133 different buildings have been renovated, with another 9,300 apartments already undergoing renovation.**

IRELAND

The Irish Warmer Homes Scheme targets vulnerable and energy poor homes providing advice and funds for energy efficiency measures. From 2000 to 2013 over €82 million was distributed through the scheme and more than 95,000 homes were supported. The energy efficiency interventions include measures such as: attic insulation, draught proofing, efficient lighting and cavity wall insulation. In 2010, the implemented measures saved 25 GWh and many beneficiaries were lifted out of energy poverty:

- **The number of beneficiaries who found it difficult or impossible to pay utility bills on time decreased from 48% to 28%.**
- **The number of families with children that could keep a comfortable temperature at home increased considerably from only 27% to 71%.**
- **The number of beneficiaries who suffered from long-term illness or disorders decreased by a massive 88%.** Recipients showed significant improvements in other health problems including heart attacks, high blood pressure/hypertension, circulatory problems, problems with joints/ arthritis, headaches, and physical and mental disability.

RELATED PUBLICATIONS

Energy poverty handbook (2016)

Alleviating Fuel Poverty in the EU (2014)

Renovation in Practice - Best practice examples of voluntary and mandatory initiatives across Europe (2015)

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