



Experiences with energy poverty approaches in France

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Friedrich Ebert Stiftung - Expert Conference

INSTRUMENTS AND APPROACHES TO PROTECT VULNERABLE CONSUMERS FROM ENERGY
POVERTY; A EUROPEAN COMPARISON

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The construction of the French concept of energy precariousness

Suppliers: consumer debts & no social acceptance of power cuts

Social workers: number of people with energy payment difficulties

Housing policy goal: renovation of substandard homes in certain areas

Consumer associations and observatories: increase of “constrained expenses”

Energy efficiency professionals: bringing energy efficiency measures to low-income households

Charities: cold homes & people struggling with energy debts



The construction of the French concept of energy precariousness



Energy poverty in France: what are we talking about?

- An official definition (2010) of **“energy precariousness”** which is vague

A person is considered as energy poor if he/she encounters particular difficulties in his/her home in terms of energy supply related to the satisfaction of elementary needs, this being due to the inadequacy of financial resources or housing conditions
- Several attempts to **quantify** the problem
 - 10 percent of actual expenses (different from UK approach)
 - Low-income-high expenses (based on actual expenses)
 - Cold homes
 - Inclusion of transport
 - Modelling energy needs (recent)
- Sometimes there is little overlap between populations identified as energy poor by different methods

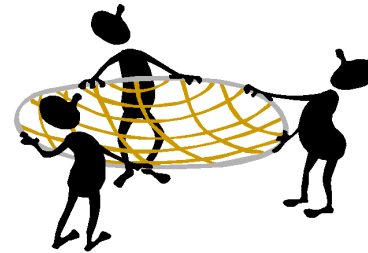
The national energy poverty observatory’s estimations
(based on the national housing survey of 2006)

 - A **total of 5.1 million fuel poor households**, including
 - 2.72 million households of the 3 lowest income deciles and who spend more than 10% of their incomes on energy
 - 3.42 million households (similar to English LIHC – but based on actual expenses)
 - 1.29 million households of the 3 lowest income deciles and who declare that they suffered from cold homes at least 24 hours in the past year

Three main policy domains addressing different causes of energy/fuel poverty

1. Households' incomes

→ social policy (income support, subsidies)



2. Energy prices and supply conditions

→ regulatory measures (social tariffs & specific protections)



3. Energy efficiency of homes

& equipment → housing policy, environmental policy (thermal refurbishment, replacement of heating systems)



The emergence of national fuel poverty policies

1985

1996

2000

2005

2008

2009

2010

2011

1985: 1st measures (EDF-state contract on a solidarity fund FSE)

2004: Reorganisation of solidarity funds for energy (FSL)

1996: EDF discounts for vulnerable customers (techn.interventions)

2004: Social tariff for electricity (TPN)

2007: Creation of Médiateur National de l'Énergie

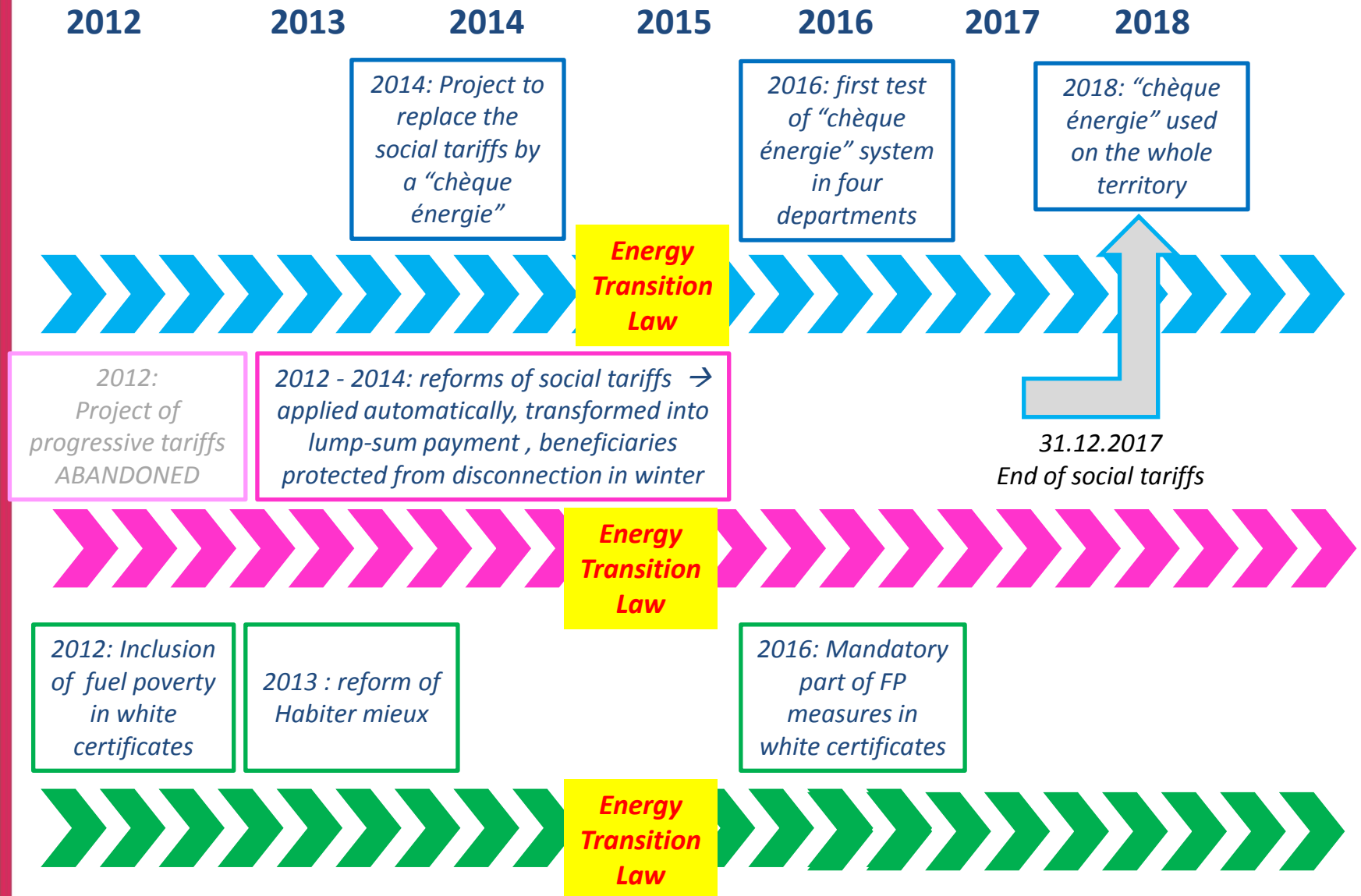
2008: Social tariff for gas (TSS)

2002: FSATME (funds for thermal refurbishment) at department level

2009: 1st report estimating extent of fuel poverty

2011: Programme "Habiter mieux"

Recent evolutions



Beneficiaries of fuel poverty policies

- FSL (financial assistance for households with energy payment difficulties):
328 000 households in 2010 (average amount: 250 €)
- Social tariff for electricity:
2.46 million households in 2014
- Social tariff for gas:
1.06 million households in 2014
- Habiter mieux (=living better) programme (thermal renovation of homes of low-income households):
200 000 households since 2013

On the other hand: power & gas cuts

- Number of **supply interruptions or power reductions** for nonpayment: **577 000 in 2015** (623 000 in 2014, Source: Médiateur national de l'énergie, 2016)
 - 476 000 for electricity
 - 101 000 for gas
- Protections of customers in case of non-payment
 - A first measure is the **reduction of power supplied** (case of electricity) to avoid power cuts
 - Non payment of bills is **systematically signaled to social services** of the municipality
 - Customers identified as **vulnerable** (i.e. beneficiaries of social tariffs) benefit from **special protections**
 - No supply interruptions during winter time
 - Reduced fees for technical interventions like power reductions
- No information available on:
 - The proportion of power reduction & of power cuts
 - The types of households affected & situations in which cuts have occurred
- French specificity: importance of electric heating → high electricity bills at the end of winter period

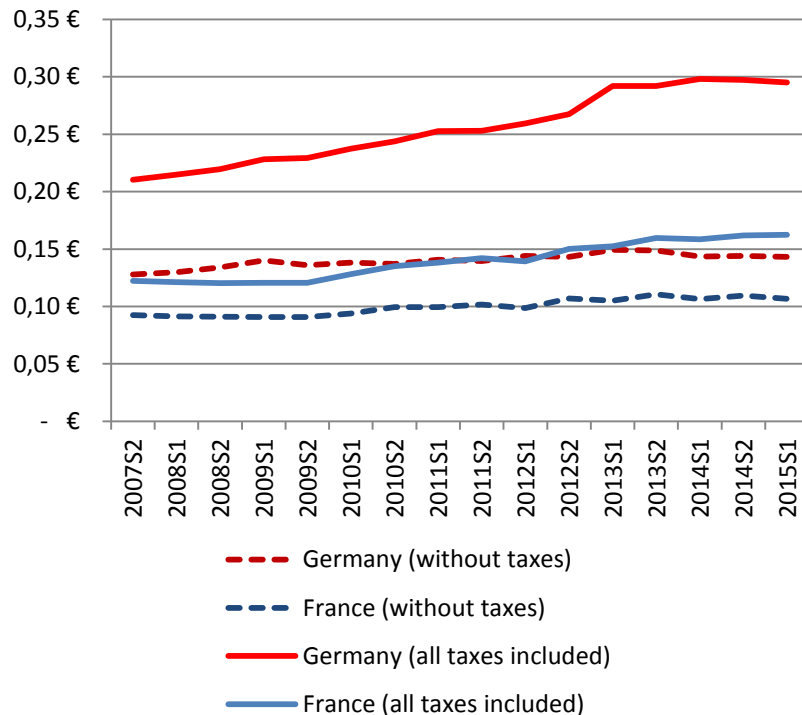


ENERGY CONSUMPTION AND PRICES

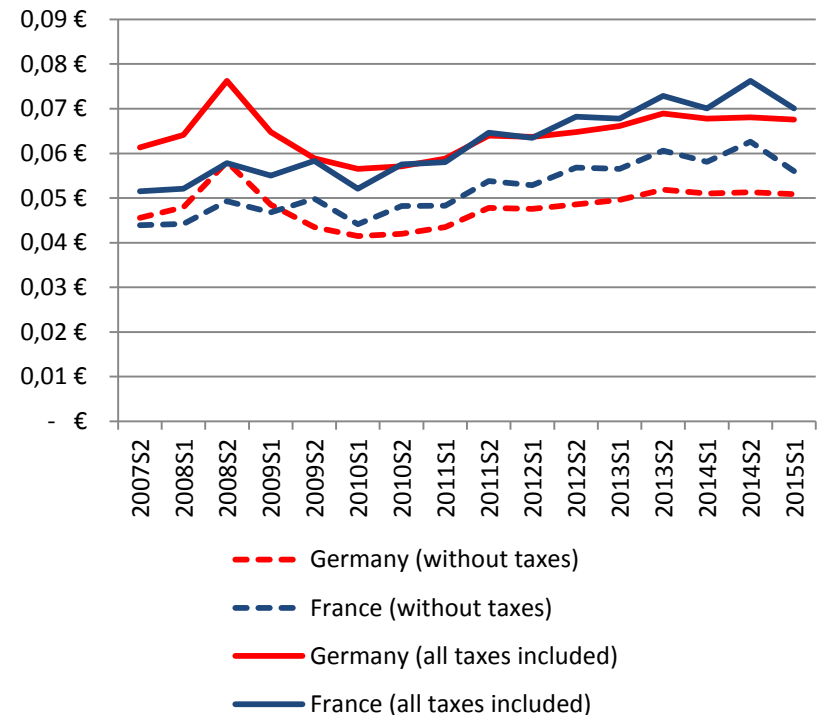
SOME FRENCH SPECIFICITIES

Evolution of energy prices: France and Germany compared

Evolution of electricity prices for households France and Germany



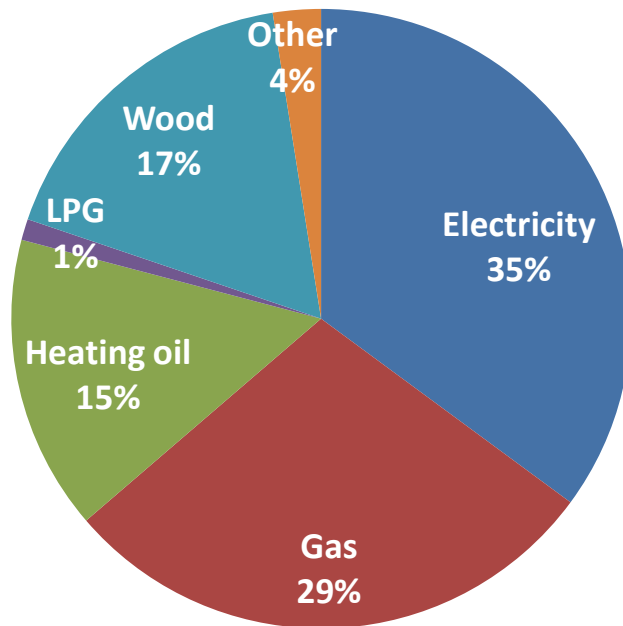
Evolution of gas prices for households France and Germany



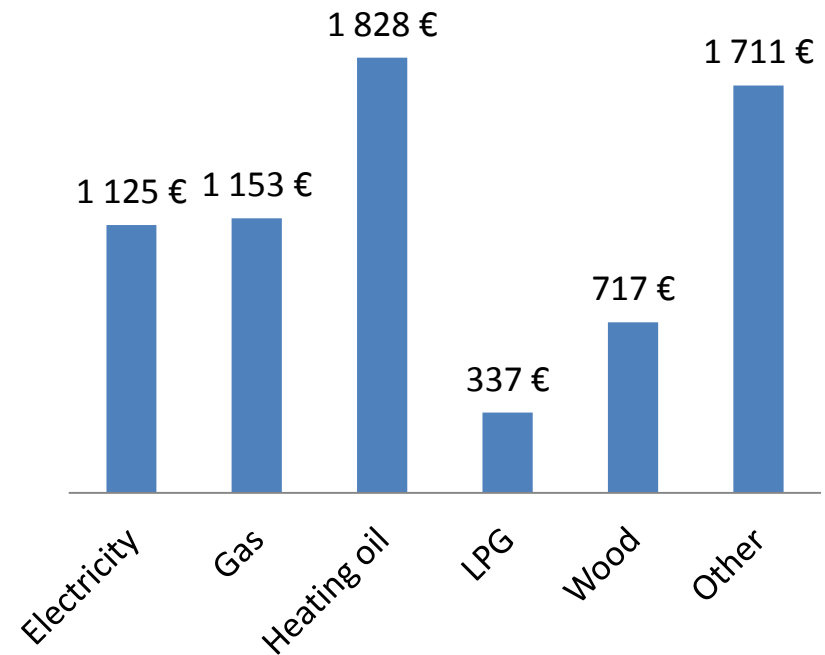
Source: Eurostat

Some French specificities

Total energy consumption of French households (volumes, 2012)



Heating bills of French households by main fuel used for heating (2012)



Electricity: EDF's and historical suppliers' market share on the market for domestic customers is still around 90%

	Sites		Consumption	
	Number	%	TWh	%
Total	31 537 000		150,2	
Supplied by market offers	3 520 000	11,2%	13,1	8,7%
out of which:				
historical suppliers	9 000	0,0%	0,04	0,0%
alternative suppliers	3 511 000	11,1%	13,1	8,7%
at regulated tariff	28 017 000	88,8%	137	91,2%

Figures for 30th September 2015

Source: CRE (2015) Marchés de détail. Observatoire des marchés de l'électricité et du gaz naturel, Troisième trimestre 2015.

Gas: the market share of Engie and of historical supplier on the market for domestic customers is still around 80%

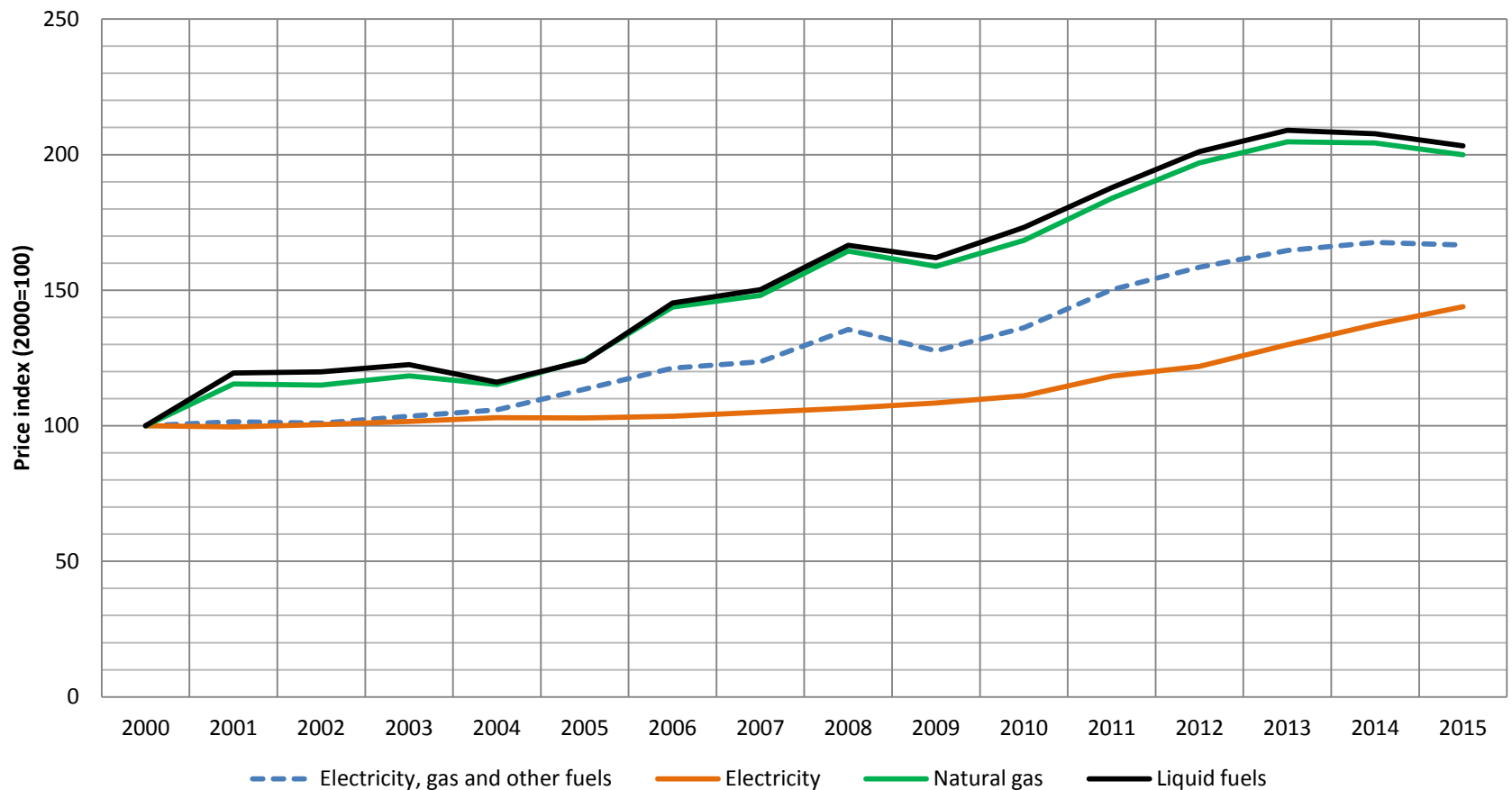
	Sites		Consumption	
	Number	%	TWh	%
Total	10 595 000	100,0%	121,6	100,0%
Supplied by market offers	4 139 000	39,1%	47,0	38,7%
out of which:				
historical suppliers	2 140 000	20,2%	23,5	19,3%
alternative suppliers	1 999 000	18,9%	23,5	19,3%
at regulated tariff	6 455 000	60,9%	74,7	61,4%

Figures for 30th September 2015

Source: CRE (2015) Marchés de détail. Observatoire des marchés de l'électricité et du gaz naturel, Troisième trimestre 2015.

Consumer price index for different types of energy in France

Evolution of energy prices for French households





THE SOCIAL TARIFFS FOR ELECTRICITY AND GAS

Social tariffs for electricity and gas: who is eligible?

- For electricity: people who have an electricity supply contract
- For gas:
 - People who have a gas supply contract
 - People living in collective housing heated with natural gas
 - Under certain conditions, people living in social residences
- People on low incomes eligible to particular health insurances (called CMUC or ACS)
- This equals to annual **incomes** below certain thresholds
 - 1 person: 11 670 €
 - 2 persons: 17 505 €
 - 3 persons: 20 006 €
 - 4 persons: 24 507 €
 - Plus 4 668,04 € per additional person

Principles of social tariffs

The TPN for electricity

- **Lump sum deduction** on the annual bill
 - Between 71€ and 140€ depending on household composition and type of contract
 - 47€ for social housing
- **Financed by electricity bills** (through a contribution called CSPE) . Includes loss of income & costs for the suppliers and the managers of the system + contributes to FSL
- **A complex implementation**
 - Until 2013 social tariffs were proposed only by EDF and local utilities
 - Information on households provided by health insurance and fiscal administration
 - Households identified through database crossing by an independent operator

The TSS for gas

- Same beneficiaries as TPN
- **Lump sum deduction** on the annual bill
 - entre 23€ et 185€ depending on household composition and annual consumption
 - 100€ pour les résidences sociales
- In case of **collective heating**
 - Lump sum payment (between entre 100 € and 147€)
- **Financed by consumers** (CTSS)
- TSS is offered by **all suppliers** as a part of their public service obligations

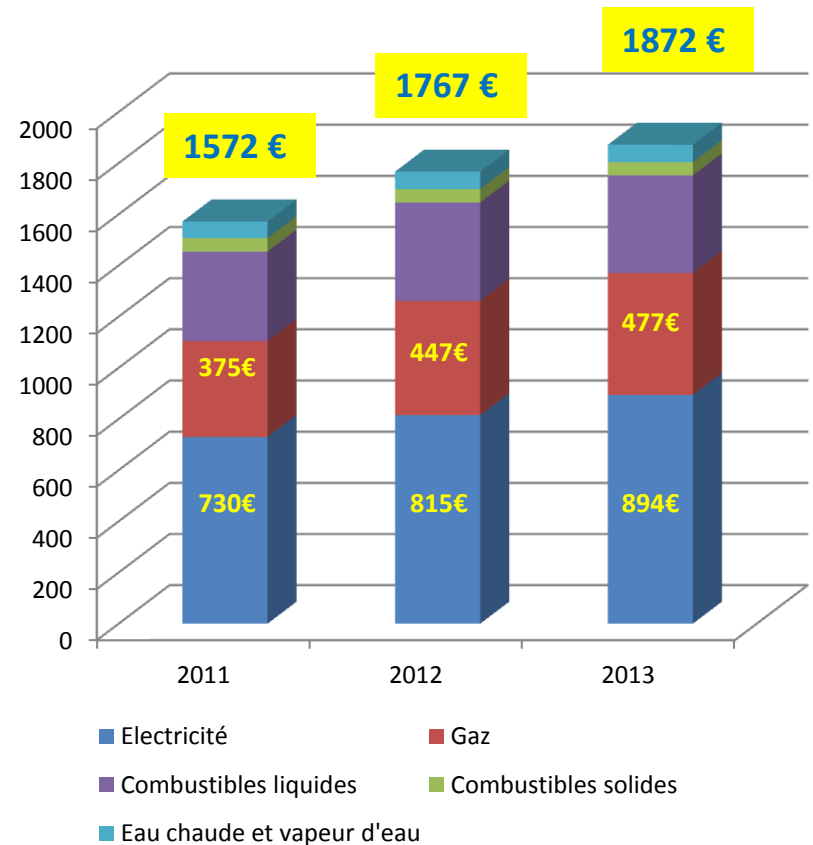
Social tariffs in practice

Annual reduction on energy bills



Average energy expenses of French households

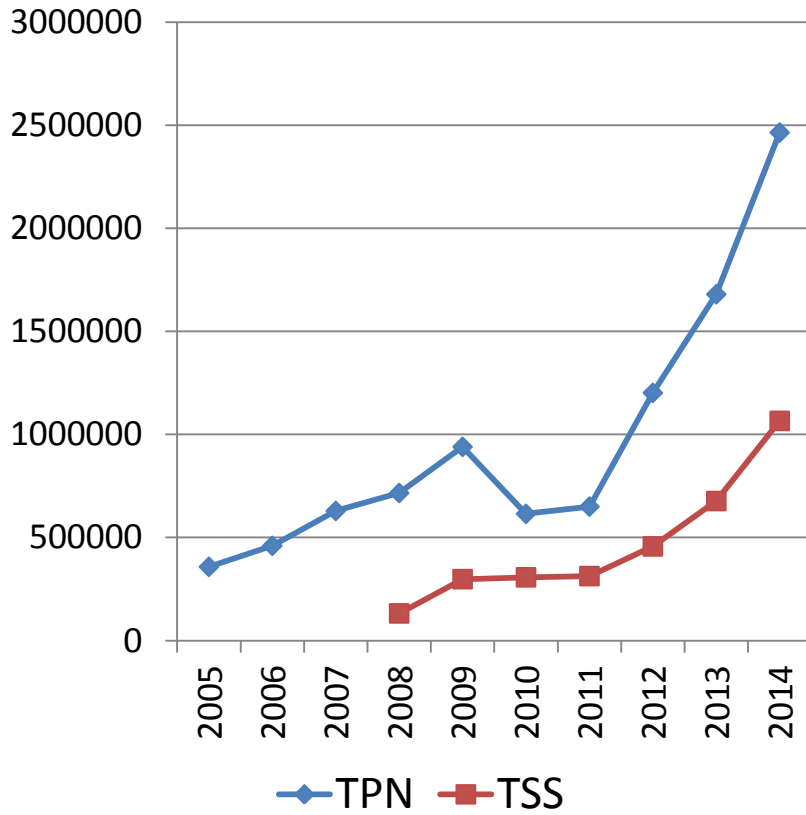
(Source : CGDD, 2014)



Source : Médiateur national de l'énergie (2015) Rapport annuel 2014

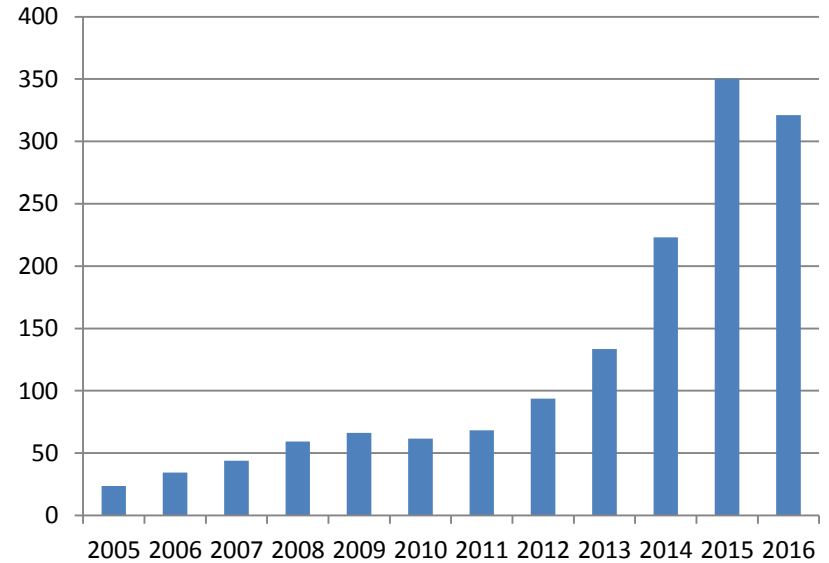
Cost & beneficiaries

Number of beneficiaries



Source : Ministry of environment

Total cost of social tariff for electricity (million euro)



Source : CRE

Implementation has not always been easy

On the supply side

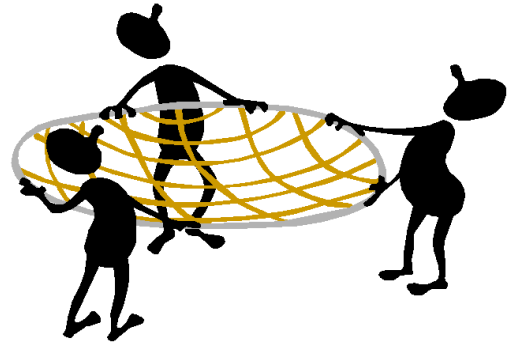
Implementation difficulties

- An initial learning phase
- Database crossing is imperfect
- Difficult to continuously follow-up households
- A system that is not well adapted to non-standard situations
- Delays of adaptation to changes

On the demand side

A gap between the actual number of beneficiaries and the potential number of beneficiaries

- The complexity for the consumer has perhaps been underestimated
- Low take-up of social tariffs and of social assistance in general

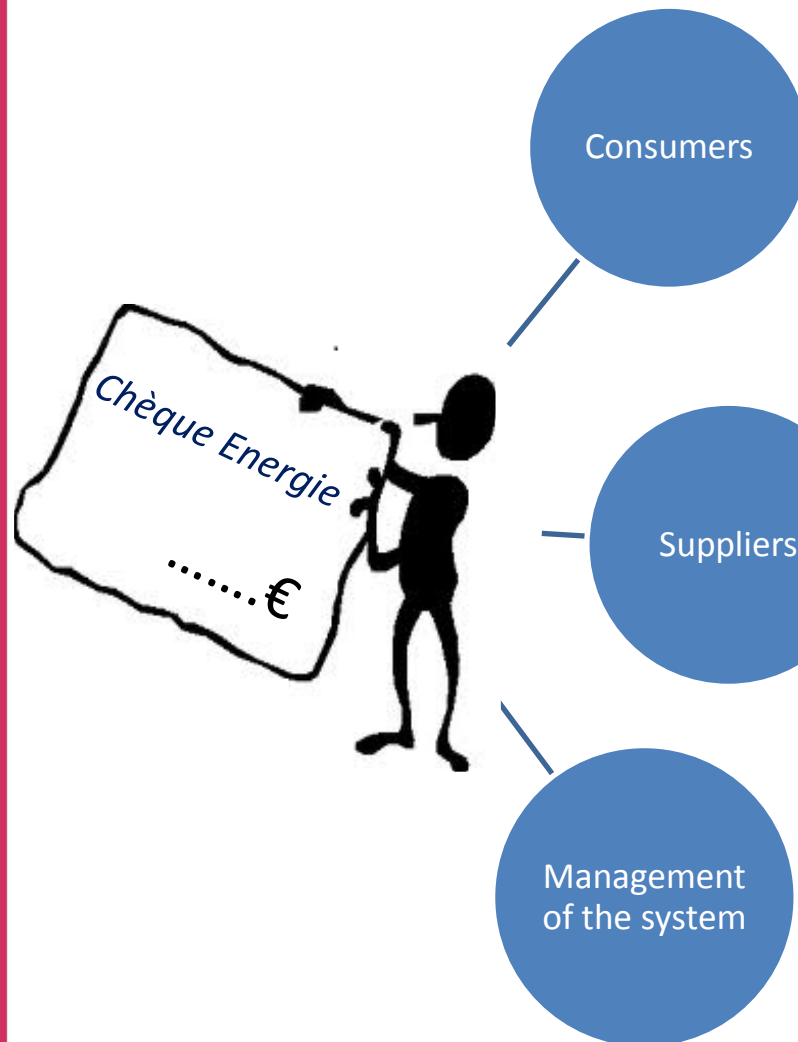


THE FUTURE « ENERGY CHEQUE »

Main characteristics of the “*Chèque Energie*”

- A subsidy dedicated to energy expenses of low-income households
- Can be used to pay
 - **All individual energy bills** → not limited to electricity and gas
 - **Collective energy bills** (in social housing)
 - **Energy efficiency improvements of homes**
- Amount of subsidy depends on
 - **Fiscal income**
 - **Number of household members**
 - Examples
 - Single person with fiscal income of 6000 € → 96 € per year
 - Couple without children with fiscal income of 8000 € → 190 €
 - Couple with two children with fiscal income of 10 000 € → 227 €
- Financed partly by the **state budget**

Questions raised by the transition to this new system



(+) consumers using other heating fuels than natural gas. Better visibility of amount of help. Flexibility on how to use the cheque and/or the supplier who will be paid
(-) learning cost of the new system
(-) amounts insufficient to alleviate energy poverty
(?) uptake by the most vulnerable households? how will people use the cheques?

(+) Winners: suppliers of oil ,district heating and social landlords : ease of use, reduction of debts
(-) Losers: electricity & gas suppliers: debt management, information on vulnerable customers, financing of the « solidarity » branch

(+) identification of people (no database crossing)
(-) learning cost & cost of informing households and mangaging the implementation
(?) increase of power cuts?
(?) financing (what total budget?)

To conclude on French policy approaches

	Initial approach	Recent evolutions
General philosophy	Protection from disconnections	2015 Energy transition law → Right to energy
Energies covered	Electricity and gas	Chèque énergie → All types of energy
Targets	Habiter mieux (initial version) → Owners of single family homes	Habiter mieux (new version) → multi-family buildings, landlords & tenants
Approach	Single actor or small set of actors	Networks of actors (Habiter mieux, Slime)

- What works / what doesn't work?
 - (+) approaches involving various actors (especially people in direct contact with the households), including in the planning of measures
 - (+) stable mechanisms (because of high learning costs and slow diffusion of knowledge among the many actors involved)
 - (-) too frequent changes of programmes and governance structures causes adaptation costs



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