

Housing and the European Energy Transition

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- Report -



The conference focussed on 3 issues:

- **Cutting energy consumption and increasing the use of renewable energy:** State-of-the-art case studies of successful large-scale projects in the social housing sector.

- **Tackling Obstacles:** Regulatory, financial and technical measures needed to pave the way towards optimising sustainable energy management and replicating successful projects in the entire social housing stock.

- **Ensuring sustainability through transparency, affordability and empowerment of citizens in a liberalised energy market:** Members of the European Parliament (MEPs), representatives of the social housing sector, European Trade Unions and employers give their views.

Setting the Scene

Speaker: Paul Louis Marty, CECODHAS President

The European Union is experiencing an energy transition; the features of this evolution are numerous and different in nature:

Firstly: the increase in energy prices.

In addition to the fact that recently oil prices reached \$100 a barrel, millions of European citizens are experiencing problems related the increase in electricity prices (an average of 10% between January 2006 and January 2007, with peaks of 25% in some countries such as the United Kingdom) and gas (about 7% on average over the same period).

Indeed, these developments are not followed by an increase in purchasing power.

Secondly: the fight against climate change.

The EU needs to promote energy efficiency and renewable energy because these are effective means to combat climate change. Reducing energy consumption and consequently greenhouse gases represents not only an EU commitment, but also the commitment of industry, civil society groups and citizens.

Thirdly: the liberalization of the energy market.

It redefines the ways of organizing the distribution of energy and causes changes in the regulatory role of national governments. Liberalization is not a face-to-face business

between energy producers/providers and citizens: governments have the responsibility to preserve the rights and duties of all the actors involved and regulate the energy market in favour of a better quality of life for all.

Social Housing operators can play a crucial role to the success of this transition; CECODHAS and its members believe that the only way to guarantee a smooth energy transition is to focus on end-users, residents and citizens.

The Social Housing sector has a very high energy saving potential. The Commission itself has identified housing as a key sector for the implementation of its Energy Efficiency Action Plan. Indeed, buildings are responsible for more than 40% of total CO₂ emissions and the sole residential sector is the main contributor in the building sector (in 2002, about 77% of emissions).

Social Housing operators can promote energy efficiency and combat climate change thanks to their relationships with residents, operators are able to inform, educate and ultimately encourage tenants to adapt their behaviours in order to better cope with the challenge of climate and thereby improve their quality of life.

Over the last years, many energy efficiency pilot projects have been set up in Europe; these projects must now be developed on a larger scale.

The social housing sector represents a significant market for companies that develop new energy-efficient technologies; it should create the demand to stimulate innovation.

The stakes of this energy transition are extremely important; energy poverty, the impossibility of some households to pay their energy bills or to heat their homes adequately is another big issue at stake, and unfortunately it is a common phenomenon in Europe. For instance, in Britain the number of households in poverty now stands at 4 million. This phenomenon concerns at the same time social policies, health policies and also energy and environmental ones.

Social Housing operators are trying to combat this phenomenon, with the help of other players, by promoting energy efficiency in housing, but also by acting on the symptoms, for instance by negotiating tariffs with energy suppliers.

In conclusion, to address these issues, CECODHAS would like to:

- develop partnerships with cities that have a crucial role to play, other organizations working on the issue of social and environmental aspects of the energy transition, and industry.

- promote a regulatory framework (tax, incentives) in order to guarantee better conditions for all citizens, especially the most vulnerable ones.

In order to provide better service to tenants and residents, CECODHAS supports ETUC (European Trade Union Confederation) and CEEP (Services of General Interest) in their actions for a better consumer's protection.

- develop policies to reduce energy poverty based on a clear definition and measurement methods.

Best Practices & Overcoming Obstacles

(Presentations made are available here: <http://www.cecodhas.org/content/view/263/206/1/1/>)

Speaker: Wolfgang Förster, City of Vienna, Austria

Case study > The role of cities in reaching energy saving targets in the social housing sector

Speaker: Michel Gilbert, OPAC 38, France

Case study > Tenant Participation in Sustainable Social Housing

Speaker: Jana Drápalová, Brno, Czech Republic

Case study > Facing the sustainable energy challenge in New Member States

Speaker: Ingrid Vogler, German Housing and Real Estate Federation (GdW), Germany

Case study > Summary of detected deterrents to reaching target savings in Europe's Housing

Role of the European Parliament

Speaker: Claude Turmes, MEP, Vice-Chairman, Group of the Greens/European Free Alliance

Energy policies are linked to social ones; we are finding ourselves in the middle of a climate and energy crisis.

The economic model that characterised the USA, Europe and Japan is now imitated by growing economies such as India and China; this is positive in terms of social and economic wellbeing, but, on the other hand, it is worrying in terms of environmental concerns.

We are at the beginning of a deep energy crisis, if we consider that 5 to 7% of the European population should experience energy poverty if the value of the U.S. dollar rises to that of the Euro; to avoid this phenomenon, courageous political measures are required.

We should be careful about the expected outcomes of the ongoing liberalisation process of the energy market: we expect a decrease in prices, but in reality they will increase. We should also be careful about possible speculations on the "Emission Trading System", and, it has also to be said that in Europe, 70-80% of existing power plants (coal and nuclear) were built in the sixties-seventies, and their lobbies and trends are not easy to change.

What we can do in order to limit the impact of an energy crisis, is to teach energy efficiency practices, considering that fuel prices are expected to rise.

We would like to introduce a new tariff system to encourage energy saving and a more rational use of the available resources by creating the so-called “progressive block prices”, driven by the “polluter-payer” principle. Nowadays, the current system is unsustainable because the poor pay a higher price per KW/k, whereas big consumers (industry) can get reductions in their bills.

To tackle this phenomenon, the European Parliament has set up the principle and Member States need to define the details.

We should also promote further investments in energy efficient appliances and renewables, particularly Photo Voltaic technologies, along with massive insulation interventions in the existing housing stock and awareness raising campaigns. For instance, regarding citizens’ participation, from 1st January 2013, in Norway, new so-called “interactive smart metres” will be installed to make households aware of their electricity and gas needs.

Finally, I think that the idea of a lower VAT, reduced or flat tariffs for all, without any distinctions, are outdated concepts and represent an unfair social approach to the problem; this way even the richer part of the population will benefit. The limits that we are facing, are not related to available technologies, but are related to the lack of “organisational innovation”: thus new legal and financial frameworks are needed.

I strongly believe that the European Commission should consider the Lisbon Agenda and the knowledge based economy’s principles in an energy perspective to make aware policy makers and leaders in society of the importance of taking actions in favour of energy saving; it has to be said that so far, Structural Funds have been used particularly for the implementation of roads infrastructures in Eastern Europe, and too less has been devoted to energy efficiency measures in buildings, renewables, public transports, car sharing projects etc.

Sustainable, People-Centred Liberalisation of Energy Markets

(Presentations made are available here: <http://www.cecodhas.org/content/view/263/206/1/1/>)

Speaker: Noel Rice, NIHE, Northern Ireland

Case study > Fuel poverty in the UK, Policy approach in Northern Ireland

Speaker: Albert Koedam, AEDES, The Netherlands

Case study > WoonEnergie, ensuring fair energy prices for citizens in the Netherlands

Reactions

Speaker: Robert Goebbels, MEP, Socialist Group, Vice-President responsible for energy policy

The purpose of the 3rd Energy Package is to open the energy market in order to boost competition and lower electricity and gas prices, although I am sceptical about that.

If we consider the American approach to energy matters, the federal government does not impose the same market structure to its Member States; indeed, it is up to them to identify the best solution in relation to their specific context.

In the coming years we are going to experience an increase in energy prices mainly for two reasons:

Firstly, because of new economies such as India and China: a higher demand of energy supply, under an economic point of view, will push prices up.

Secondly, because of the fact that financial resources spent on buying emission rights will rebound on costumers.

The truth is that individual consumers will never have any real choice; they will be able to switch supplier, but they will end up with same contractual conditions.

In conclusion, more should be done to increase social security in Europe; indeed, even though the right to property is constitutionally ensured, the right to housing is not really guaranteed to everyone.

Speaker: Ludo Horemans, President of EAPN (European Anti-Poverty Network)

Considering the point of view of people experiencing poverty, we think that there is a very important role to play for authorities at all levels.

We should recognise that we are experiencing a high rate of fuel poverty even during the period where liberalisation has been put in practice; some countries were not ready to receive this change.

We have people with low income living in old buildings with poor insulation and low energy efficiency performances; thus, fight against fuel poverty means, at the same time, to upgrade the existing stock building and guarantee a minimum income to dwellers.

What we need is an integrated approach that considers incomes, jobs, health and energy; EAPN is launching a minimum income campaign to help the poorest.

It has to be said that Member States are responding quite well to the Communication from the Commission on active inclusion, and we hope that this process will give an input to authorities at all levels.

Speaker: Marco Giardini, Chairman, CECODHAS Energy Experts Network

Our view is the one of Social Housing Operators, so we are involved as well in the process of liberalisation. I think we all need to move on from passively observing things to showing responsibilities that our own role involves, as legislators, economists and in that case, Social Housing Operators.

Regarding the liberalisation process, many structural contradictions have been encountered, particularly in some Member States: lack of competition and problems related to production and distribution of electricity and gas.

We need to be optimistic and consider the mid-long term results of such a process.

Considering that the purchasing power is losing ground, as Social Housing providers, we are focussing our energy on the social aspect of this structural trend: that means to define mechanisms and rules and show our responsibilities acting on various fronts.

For instance, we need to increase the energy efficiency of our housing stock in order to limit the phenomenon of fuel poverty; of course, large scale renovation is a very ambitious goal, but we should consider the cost/benefit return of this investment.

We think that a new tax framework, along with incentives and subsidies (low VAT) for materials and work to increase energy efficiency and consequently reduce energy consumption should be put in place.

We also think that the current regulation on Structural Funds is in contradiction with European energy policies.

We call on a greater involvement and participation of final users in order to not to be excluded in negotiations between policy makers and energy regulators; we should assure our presence among interlocutors with strong actions on the demand side, for instance with collective negotiations in order to reach better deals with energy producers and distributors.

Speaker: Antonello Pezzini, Member of the European Economic and Social Committee and rapporteur of the opinion "Energy efficiency of buildings - the contributions of end-users"

The issue of liberalisation is based on both social and cultural aspects and represents an advantage for the society only if it occurs in a proper way.

Self regulations, self controls, strong consumer organisations are concepts related to the cultural and social background of each country; if we take as example the ex USSR, the

liberalisation process caused several problems because this kind of culture was not in place in that country at that time.

If we want to compare the US with Europe, it has to be said that while the US is a market economy, Europe is a social/market economy; our system has a particular attention for the society and supports the Services of General Interest.

We have also to bear in mind that it is not the European Commission that makes rules, but Member States with their respective governments have the real power. Europe is a confederation of States, not a federation; indeed, when we wanted to create a federation, France and the UK objected.

Now, coming back to liberalisation, again, it is up to national governments represented in the Council of Ministries to decide how to act on this issue.

Conclusions

Speaker: Paul Louis Marty, CECODHAS President

Briefly, we should stress the important role that tenants can play in reducing energy consumption; indeed, to be effective, new technologies should be accompanied by training and tenants involvement programmes.

In conclusion, I would also like to stress the importance that the Social Housing sector, representing 22 million housing units, can play in reducing energy consumption and CO₂ emissions through the renovation of existing housing stock and employing optimal techniques in new construction.
