



SHARE

Social Housing Action to
Reduce Energy Consumption



Case study 19



Electricity included in the rent – a way to reduce the fixed electricity costs

Most flats nowadays have individual electricity meters and every tenant pays a fixed subscription fee and electricity costs to their energy company. This system makes electricity very expensive for the tenants.

An alternative to this is to join all the subscription fees together and have only one fee for the whole property and then use sub-meters for each respective flat. In this way the tenants' fixed costs are minimised. As a result however, the individual tenant cannot choose his own electricity supplier and the housing companies have more administrative work to do as they take over the duty of re-charging for electricity. They also would absorb an additional liability in that tenants in dispute over paying rent may also owe the company for electricity.

The positive results are that the total electricity cost for a tenant is lower. Not to be able to choose their electricity supplier may not be seen as a disadvantage for the tenants, who may appreciate having one decision less to make, as long as they are benefiting from a good price. The housing company would become a big electricity customer and could possibly negotiate the prices in a better way.

SHARE is an Intelligent Energy Europe Project working in eight European areas to develop energy efficiency and low carbon technologies in social housing. For more information about the SHARE project and for other case studies see the project website:

www.socialhousingaction.com

The public housing company Allbohus started the project "Electricity included in the rent" about six years ago and was one of the first to do this. The tenants pay for their actual consumption as they had done before but it is added to the rent bill and paid to the housing company instead of the energy company.

In the Allbohus case it was done so that the electricity meters in the flats



were bought out for a symbolic price as the energy company in any case would have had to replace them within a couple of years which it now won't need to do. Now all the electricity to the property goes through the main property meter and the other meters work as sub-meters.

In the customer-supplier relationship it is essential that the measurements are accurate. The Swedish law on metering does not apply in apartment houses if the landlord divides the costs among the individual households, but it must be done in a way that the tenants will accept. The Swedish Union of Tenants has therefore an important role to fulfil in this process.



Economic aspects

- Fixed costs are reduced because there is only a fixed fee to be paid for the main meter.
- Tenants cannot choose their electricity supplier but as their electricity price is reduced they should not lose on the change.
- The housing company becomes a big electricity customer that can negotiate prices better.
- Tenants are spared the complicated electricity bills.
- The housing company takes on a little more responsibility, for meter reading and in case of disputes, and there is also a little more administrative work.
- A power of attorney from each tenant is necessary to introduce the system so if the tenants do not want any changes there wouldn't be any. But at present the changes have been made in most of the houses.
- Energy companies have doubts about the changes, they lose income from the fixed fees.

Allbohus currently charges tenants for an estimated consumption and the whole sum is balanced against actual usage once a year. In future energy companies will have to charge the client (in this case the housing company) for actual consumption but the housing company would be able to continue to use estimates in re-charging.

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