



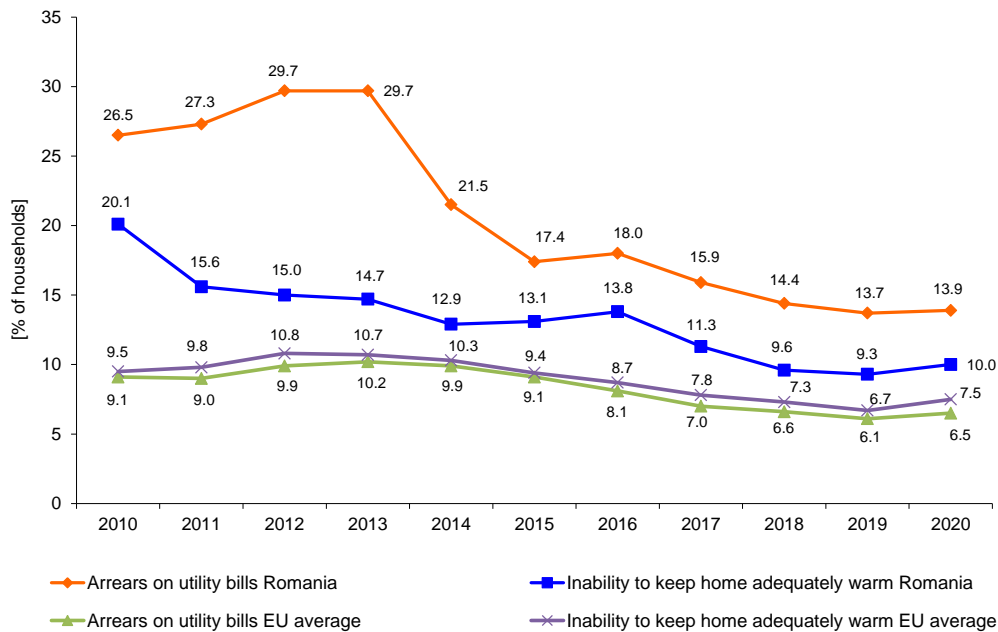
ROMANIA

BACKGROUND

- > The concept of energy poverty has often been used alongside the concept of vulnerable consumer outlined in several normative acts. The [Law 226/2021 regarding the establishment of social protection measures for vulnerable energy consumers](#) (Sept.2021) includes a **new definition of energy poverty** as “the impossibility of the vulnerable energy consumer to cover its minimum energy needs”, with the related definitions:
 - **vulnerable energy consumer:** single person / family who, due to health, age, insufficient income or isolation from energy sources, needs social protection measures and additional services to ensure at least their minimum energy needs;
 - **minimum energy needs:** the minimum energy consumption of an individual / a family for lighting, optimal home cooling and heating, cooking and hot water preparation, for using communication means that need to be plugged-in or for powering medical devices used for life support or for improving people's health.
- > The [GEO 130/2022](#) (Sept.2022) revised [Law 121/2014](#) on energy efficiency to comply with the Directive (EU) 2018/2002. It states for the first time that the programs or measures financed under the **National Fund for Energy Efficiency** must be implemented as a **priority**, directly or indirectly, **among vulnerable households**, including those in a situation of energy poverty, and, as the case may be, among social housing. This can be seen in the new renovation programmes (see below).
- > **87% of the buildings have been built before 1990** (of which 56% between 1960 and 1990) with a **very low degree of energy efficiency** measures (without thermal insulation or with minimal thermal insulation, double wooden windows with reduced standards) and structural deficiencies, with little (or no) maintenance after decades of use ([National Long-Term Renovation Strategy 2020](#)).
- > The indicators about energy poverty reported in the [National Energy and Climate Plan](#) (NECP) are the rate of **arrears on utility bills** (14.4% in 2018; 13.9% in 2020) and **inability to keep home adequately warm** (9.6% in 2018; 10.0% in 2020).

Analysing the EPOV household-reported indicators during 2010-2020 period (see Figure 1 below) the share of households facing difficulties in keeping an adequate home heating level followed a downward path with small fluctuations throughout the period. However, compared to the situation at European level, Romania was always above the average European values. The same situation can be seen in the case of households having recurring arrears on utility bills, where in the same reference period, Romania was above the values recorded at the European level.





Source: (Eurostat, 2022) Arrears on utility bills - EU-SILC survey [ilc_mdcs07],
Inability to keep home adequately warm - EU-SILC survey [ilc_mdcs01]

Figure 1. Energy poverty over the last 10 years in Romania (Eurostat, 2022).

- › Although the [primary electricity and natural gas law of 2012](#) has required the drafting and implementation of a **national action plan for energy poverty**, by 2022 this has **still not been elaborated**. However, few policies with impact on energy poverty have been adopted:
 - The [National Strategy on Social Inclusion and Poverty Reduction 2022-2027](#) (Apr.2022) and the related Action Plan 2022-2027 aims at reducing energy poverty, through two types of measures: (1) setting-up **public programs for thermal insulation of buildings** in communities affected by energy poverty by subsidizing the rehabilitation works, and (2) providing a **monthly aid** to cover part of the expenses related to the home **heating** during the cold season in collaboration with ANRE (regulatory agency) (which was previously a [heating benefit](#) paid once a year) and electricity suppliers for identifying people at risk of energy poverty. A [social tariff](#) for electricity that was in place from 2006 to 2018, ended due to the process of market liberalization.
 - The [National Long-Term Renovation Strategy](#) (LTRS, Nov. 2020) mentions the existence of energy poverty both in relation to single-family housing and apartment units. A section is dedicated to energy poverty in buildings and potential solutions. The preferred interventions are both in the field of energy efficiency and heating aid. The LTRS suggests that a better national legal framework is needed to alleviate energy poverty. The implementation of the strategy requires sound government programs, attracting EU funds and other financial schemes to be accessed on the private market. The **role of EU funding** mentioned in the Renovation Wave could be an important source. The LTRS highlights at the same time the **important role of local governments** in accessing these grants and in integrating energy poverty into their local renovation programs.
- › The recent sharp rise in all energy prices, consequence of the energy crisis from mid-2021, is already putting a high pressure on the capacity of all energy consumers to pay their energy bills and it proves particularly challenging for vulnerable consumers in Romania. In response to this situation, the Romanian government took a series of direct support measures.

MAIN RECENT MEASURES TO HELP HOUSEHOLDS FACE THE ENERGY CRISIS

- › **Law 226/2021** regarding the establishment of **social protection measures for vulnerable energy consumers (November 2021 – on-going)**: financial measures including subsidies for home heating assistance (district heating, natural gas, electricity, solid or liquid fuels), part of other energy consumption, purchase of energy-efficient equipment necessary for lighting, cooling, heating and hot water supply, or of products and services to increase the energy performance of buildings, or for connection to the power grid; and non-financial measures: facilitating access and connection to the available energy sources necessary for ensuring minimum energy needs, ban on disconnecting vulnerable consumers from the grid, in the event of an energy crisis.
- › **Compensation for electricity and gas bills** for people living in some localities in the Apuseni Mountains and in the "Danube Delta" Biosphere Reserve (**November 2021 – March 2022**): max. 0.291 lei/kWh (€0.06/kWh) calculated to the electricity consumption billed in the stipulated period and 40% of the natural gas consumption billed in the stipulated period. To benefit from compensation, Romanians from these localities had to fall within a consumption limit of 1900 kWh for electricity or 1200 m³ for natural gas for the entire period.
- › **Price ceiling scheme for electricity and natural gas (April 2022 – March 2023) extended with small changes** for stimulating consumers to save energy (**September 2022 – August 2023**): the final price charged by electricity suppliers is limited to a) max. 0,68 lei/kWh (€0.14 /kWh) for domestic customers whose average monthly consumption was less than 100 kWh during 2021; b) max. 0.80 lei/kWh (€0.16/kWh) for customers whose average consumption was between 100-300 kWh per month in 2021 (from September 2022, the price ceiling was limited to monthly consumption up to 255 kWh). For natural gas, the price charged by gas suppliers is max. 6 cents/kWh for domestic consumers.
- › **Extension of capped prices for vulnerable customers until 2025 (September 2022 – March 2025)**:
 - a) the cap of €0.14/kWh will be continued until March 2025 for vulnerable customers such as: customers with a max. monthly consumption of 100 kWh, domestic customers that use electrical medical equipment or devices, households that have at least 3 children, single-parent households;
 - b) the cap of €0.16/kWh will also be continued until March 2025 for the domestic customers whose monthly consumption is between 100-255 kWh; all consumption that exceeds 255 kWh/month will be charged with 1.3 lei/kWh (€0.26/kWh).
- › **Energy vouchers (2023)**: temporary support granted during 2023 to vulnerable people for compensating the energy prices regardless of its nature (electricity, district heating, natural gas, gas cylinder, wood, fuel oil, wood pellets and other heating materials). This amounts to 1400 lei (about €280), delivered in two stages and can be used until the end of December 2023.

It can be noticed that, except for Law 226/2021 that was passed specifically for vulnerable energy consumers, the compensation, the energy vouchers and the social criteria taken into account in the extension of the cap of €0.14/kWh until 2025, all the other measures presented above apply the same way for all consumers, whatever the income, provided that they meet certain consumption criteria.

Romania has no specific provisions for energy poverty actions, but there are a few national programmes for the renovation of residential buildings that can benefit energy-poor households (see below).



MAIN NATIONAL ENERGY EFFICIENCY MEASURES TACKLING ENERGY POVERTY

National Multiannual Programme for the Improvement of Energy Performance in Blocks of Flats (2009 –on-going)

- › Eligible buildings: **multilevel blocks of flats** constructed before 2005, including public social buildings. Rehabilitation actions: **building envelope and heating system**.
- › Grant rate **before 2019: 80%** grant from the State (Ministry of Development, Public Works and Administration) and local budgets, remaining 20% covered by the flat owner-associations;
- › Grant rate **after 2019: 60%** grant from the State budget, remaining 40% covered by the flat owner-associations or from local budget approved annually for this destination.
- › The target group is the flat owner associations. If the association cannot pay their share, the **local authority can partially or fully take over the remaining costs** and then decide how to recover the investment. **The following categories are exempted from payment:** disabled people or families with dependent disabled people; low-income single persons or retired people; war veterans and their surviving spouses¹.
- › Compared to the energy savings of about 573 GWh (49 ktoe) obtained by implementing energy efficiency measures in the residential buildings included in the National Program during 2011-2017, 4.3 GWh (375 toe) of savings were recorded in 2018.² A total budget of about €22.5 mill. from local funds is planned to be spent for the implementation period 2022-2024.

National recovery and resilience plan, Component 5 - Renovation wave, Axis 1 - Grant scheme for energy efficiency and resilience in multi-family residential buildings, Operation A.2 - Moderate energy renovation of multi-family residential buildings for communities at risk of poverty and social exclusion (2022)

- › Call for projects covering **100% of investment costs** for moderate energy renovation of multi-family blocks of flats in the rural and urban regions, located in a **marginalized urban or rural area** geographically delimited (as defined in national mapping), or validated/declared as a marginalized area in the Integrated Local Development Strategies.
- › Targeted buildings must be built before year 2000. Maximum eligible value of the project corresponds to a unit cost for moderate renovation works of 200 Euro/m² (deployed area), excl. VAT.
- › The call targets rural and urban **areas with population at risk of poverty and social exclusion**, for the local authorities to implement renovation projects in these areas through their Local Development or Integrated Urban Development Strategies.
- › Total budget: €219 mill. In 2022, 29 submitted projects amounting around €100 mill have been registered.

¹ <https://legislatie.just.ro/Public/DetaliiDocument/103284>

² Raport de monitorizare a implementarii Planului National de Actiune în domeniul Eficientei Energetice (PNAEE), ANRE 2019: <https://www.anre.ro/ro/eficienta-energetica/rapoarte/rapoarte-de-monitorizare-a-implementarii-planului-national-de-actiune-in-domeniul-eficientei-energetice-pnaee>



<p><u>National recovery and resilience plan, Component 5 - Renovation wave, Axis 1 - Grant scheme for energy efficiency and resilience in multi-family residential buildings, Operation A.2 - Moderate or deep energy renovation of multi-family residential buildings (2022)</u></p>	<ul style="list-style-type: none"> › Call for projects covering 100% of investment costs for increasing the energy efficiency of multi-family blocks of flats. Maximum eligible value of the project: unit cost of 200 Euro/m² (deployed area) for moderate renovation works, and 250 Euro/m² (deployed area) for moderate renovation works, excl. VAT. › The call targets areas from rural and urban regions where local authorities can apply for funding at the flat-owner associations request. › Total budget for moderate energy renovation: €745 mill. Total budget for deep energy renovation: €83 mill. In 2022, 451 projects amounting around €733.5 mill. have been submitted for moderate renovation, and 121 projects amounting around €635 mill. have been submitted for deep renovation.
<p><u>Call for projects for thermal rehabilitation of blocks of flats under the Regional Operational Programme (2014–2020)</u></p>	<ul style="list-style-type: none"> › Call dedicated to financing investments for improving energy efficiency in public or residential buildings, and public lighting. › 279 multi-family residential buildings, respectively 19,596 flats, were thermally rehabilitated in 2018 resulting in final energy savings of about 149 GWh.³
<p><u>Photovoltaic systems for isolated households (2018-on-going)</u></p>	<ul style="list-style-type: none"> › Non-refundable financing, granted by the Environmental Fund, to cover 100% of the eligible costs, but not more than €5000, including VAT, for each photovoltaic system serving a household located at a distance of at least two kilometres from the national electricity distribution grid (measure for access to electricity) › The program is dedicated to physical persons. › In 2020, about 55 projects (160 households) have been approved.
<p><u>Action Fund for Sustainable Energy Management (2020-2025)</u></p>	<ul style="list-style-type: none"> › Grant covering 85% of the total eligible value of projects supporting sustainable energy management in poor/underdeveloped localities. › Local authorities from the targeted localities can access these funds and cover the remaining 15% for specific infrastructure projects. Specific works that could include vulnerable people are those related to connection to district heating and energy supply (including renewable energy). › Total budget from the Ministry of European Funds is 8 mill. Lei (approx. €1.6 mill.).

The table above is focused on the national EE policy measures tackling energy poverty. More initiatives exist at regional or local level, or led by stakeholders such as energy companies. As illustrated by the [schemes developed as part of SocialWatt](#).

³ Raport de monitorizare a implementării Planului National de Actiune în domeniul Eficientei Energetice (PNAEE), ANRE 2019: <https://www.anre.ro/ro/eficienta-energetica/rapoarte/rapoarte-de-monitorizare-a-implementarii-planului-national-de-actiune-in-domeniul-eficientei-energetice-pnaee>



FOCUS ON ARTICLE 7 EED AND THE ROLE OF ENERGY COMPANIES

Romania has not opted for an energy efficiency obligation scheme under Article 7 of the EED but for a range of **alternative policy measures** to be achieved through specific energy efficiency programmes. The latest information available are from the [2020 Report](#) on the progress made in meeting the national energy efficiency objectives of the Ministry of Economy, about energy savings achieved in 2018. The policy measures reported by Romania include **three measures focused on the residential sector**:

- › Thermal renovation of multi-dwelling buildings (see above the measure “Call for projects for thermal rehabilitation of blocks of flats under the Regional Operational Programme (2014–2020)”);
- › Thermal renovation of single-family dwellings;
- › Procurement of high-performance electrical equipment.

Romania's reports to the EED and NECP did not mention for the energy efficiency schemes any particular provision related to low income or energy poverty. But many Romanian owners are likely to have low income: **most renovation programmes in Romania could thus contribute to tackle energy poverty**. However, the households who participate in these programmes are **not necessarily the most in need**. The new programmes included in Romania's Recovery & Resilience Plan (see above) include a focus on deprived areas, which might improve the targeting of these programmes.

Regarding the establishment of an energy efficiency investment fund able to tap into private funds, structural funds, auctioning revenues under EU-ETS provisions and the State budget, the Ministry of Energy proposed in September 2022 a draft law for the establishment of the [National Fund for Investments in Energy Efficiency](#), which was under public consultation until October 2022 and is expected to be approved in the beginning of 2023 by GEO.

Although in Romania, **utilities / energy companies do not have energy savings obligations** under Art. 7 of the EED, they should understand the benefits of implementing energy efficiency measures and that improving efficiency within the energy supply sector can help them deliver better service for their customers while **reducing their own operating costs and also the arrears on bills**.

On the other hand, identifying the energy poor among the energy consumers could be a barrier for local authorities in targeting the right recipients when designing and delivering the energy saving / energy efficiency schemes. Therefore, establishing good **partnerships between utilities and local authorities** could lead to better delivery of the specific schemes and actions: utilities can identify the energy poor by using the data on energy consumption or bill arrears, available in their databases at household level, so as local authorities to reach those most in need.



INTERVIEW WITH PAVEL-CASIAN NIȚULESCU, State Secretary for Energy, Romania's Ministry of Energy

› Do you expect an increase in the number of households at risk of energy poverty due to the current energy crisis?

Romanian Integrated National Energy and Climate Change Plan (NECP) for 2021-2030 has a great number of targets and objectives that involves important public and private investments. Romania is counting on important investments from the funds provided in Romania's Recovery and Resilience Plan (PNRR), the Just Transition Fund (JTF), and accelerating the transition to climate neutrality through the Modernisation Fund (FM).

Yet, considering the key macro-economic challenges for Romania's economy include growing fiscal and current account deficits stemming from a consumption-led growth model based on strong domestic demand, which was stimulated in recent years by expansionary fiscal policy. In addition, adverse demographic developments and shortages in the education system have led to labour and skill shortages and inequalities and regional disparities have been further accentuated by the Covid-19 crisis. An unpredictable business environment is also a challenge to the Romanian economy.

› Have there been recent changes in the Romanian policy measures to tackle energy poverty?

Energy poverty affects over 28% of the people of Romania. This means that 5 million Romanians have difficulties paying their electricity bills, cannot heat their homes properly, or do not have access to affordable sources of energy supply. Romania is still aiming for full electrification. 7% of all households in Romania have no access to electricity and 80% of Romanians living in rural areas rely wholly on wood for heating.

Romania must reduce Energy Poverty by half by 2030, in order not to end up with half of

Romania's population in Energy Poverty in 2050.

From the financing measures mentioned above, which are directly and indirectly tackling the energy poverty issue, we must mention that eligible citizens affected by financial difficulties will receive energy cards in the period 1-28 February 2023. Payments can be made from March 1. Those who retain their status as beneficiaries will be able to use the card for the second instalment as well, starting in September. Between September 1 and 30, those arriving in the meantime who are eligible will receive the card to use the second instalment.

Emergency Ordinance no. 27 of March 18, 2022 regarding the measures applicable to final customers in the electricity and natural gas market in period April 1, 2022 - March 31, 2023, as well as for the modification and completion of some documents energy regulations approved by the Law no. 357 of December 13, 2022 regarding the approval of the Government's Emergency Ordinance no. 119/2022 for the amendment and completion of the Government Emergency Ordinance no. 27/2022 regarding the measures applicable to final customers in the electricity and natural gas market in the period April 1, 2022-March 31, 2023, as well as for the amendment and completion of some normative acts in the field of energy regulated prices to fix the inequities regarding the energy poverty.

According to article 34 from the Law no. 226 of September 16, 2021 regarding the establishment of social protection measures for vulnerable energy consumers, the Ministry of Labour and Social Protection monitors and controls, through the empowered staff and through the subordinate institutions, the application of the provisions of this law regarding the granting of heating aid and the energy supplement.



Financing schemes are also a solution, of which we would like to mention the ones managed by the Administration of the Environmental Fund, offering affordable renewable energy by "Casa Verde" program with a 90% aid intensity for PV systems for the population or vouchers for energy efficient cars, electronics and many other efficient products.

› **Are energy efficiency schemes an important part of the national strategy or approach to tackle energy poverty?**

Yes, energy efficiency schemes are an important part of the national strategy or approach to tackle energy poverty, indirectly and directly. The "Rabla" program is an example by which the State offer support through vouchers for energy efficient cars.

There is an abundance of financing solution on the market right now, and our efforts are to grow the absorption for these funds.

ElectricUp for example was one of the first measures that offered the SMEs and HoReCa a great support to overcome the COVID and the energy crisis - 100% aid intensity, supporting these 2 pillars-solution in the energy poverty actions. Keeping employment figures stable is also a key solution for Romania.

› **What is or should be the role of energy companies in the schemes to tackle energy poverty?**

As I said before, strong SMEs and HoReCa, a stable economy and predictable legislative measures are good response to the energy poverty. Energy companies must be able to hire staff and engage in social responsibility measures. This year, the Energy Efficiency

Directorate will start information campaigns at the national level together with partner companies, to increase energy efficiency by informing about the benefits it brings.

› **The current recast of the Energy Efficiency Directive will likely introduce an "energy poverty" ringence or sub-target as part of the national energy savings obligation. Do you expect changes in the policy measures to meet this sub-target?**

Yes, we expect the current recast of the Energy Efficiency Directive that might introduce an "energy poverty" sub-target as part of the national energy savings obligation, to produce notable changes in the policy measures to meet this sub-target. Romania is constantly adapting its legislation to be in line with the European efforts.

› **Would you like to add a comment on the topic of energy efficiency measures to tackle energy poverty?**

We are constantly adapting energy efficiency measures to tackle energy poverty. We expect greater rates of absorption for the current and future programs carried out through Romania's Recovery and Resilience Plan (PNRR), the Just Transition Fund (JTF) and accelerating the transition to climate neutrality through the Modernisation Fund (FM), ElectricUp 2, AFM's "Rabla" and other sources like the EEA and Norwegian grants that represent Iceland, Liechtenstein and Norway's contribution to reducing economic and social disparities and strengthening bilateral relations with 15 countries in Central and Southern Europe and the Baltic countries, or the Swiss Funds to reduce social and economic disparities, without limiting to these.

INTERVIEW WITH CORNELIA SZABO (CEZ VÂNZARE, energy supplier)

› Do you expect an increase in the number of households at risk of energy poverty due to the current energy crisis?

Yes, we expect an increase in the number of households at risk of energy poverty, due in part to the current energy crisis, but also due to the rise of the cost of living in Romania. At the moment, for most households we have a price cap for both electricity and natural gas.

Another effect of the current energy crisis is that the price cap for natural gas has gone up greatly. Although the price is capped, the price cap is three times larger than the gas price just a few years ago. Keeping in mind that natural gas is the most widely used means of heating in Romania, this will most likely contribute to an increase in the number of households at risk of energy poverty.

The earlier mentioned capped prices also come in a time when we have a general high cost of living in Romania. We currently have an estimated 15% inflation rate for the first quarter of 2023 and expect increases in interest rates this year to counterbalance this effect.

› Do you think the newly adopted Government Emergency Ordinance 130/2022 for amending and completing Law no. 121/2014 on energy efficiency will contribute to making energy efficiency schemes an important part of the national approach to tackle energy poverty?

I believe that GEO 130/2022 will help with making energy efficiency schemes a priority, but we need to acknowledge the fact that energy efficiency is still a new concept in Romania and people might be skeptical at first. The current legislation facilitates energy efficiency measures but leaves the implementation of these measures to other entities. Due to the addition of "Smart financing for smart buildings" initiative, we will surely see an increase in government grants and schemes aimed at financing energy efficiency although the implementation comes

down to central and local public authorities and regional development agencies.

› What should be the role of energy companies in the schemes to tackle energy poverty?

The main role of utilities, in my opinion, should be to accurately inform customers about their consumption. For example, if you do not have an accurate reading of utilities usage, you cannot make adjustments in time to make significant savings. Another important role would be to educate consumers on how to be more efficient in their use of energy. Another way utilities / energy companies can help tackle energy poverty is by providing customers with energy efficiency products. For example, we at CEZ Vanzare have given out LED lightbulbs to energy poor customers, offer smart thermostats in monthly instalments with the energy bill and also provide RES solutions for both home and business.

› Could an "energy poverty" ringfence or sub-target in Article 7 EED change the way energy poverty is tackled? (or could it make that energy efficiency measures would better include a social dimension?)

Well, it would definitely have an impact in the way stated in the EU policy for tackling energy poverty, by being adopted in the national legislation, but I do not believe it would definitely lead to the inclusion of a social dimension in the energy efficiency measures. I believe energy poverty should be tackled on its own and be given a strong EU backing if we are to eradicate it by 2050. Although a large percentage of households could be considered energy poor or at risk of energy poverty, in my opinion we cannot assume a specific social category of people to be energy poor, and more in-depth analyses are needed to truly identify energy poor consumers. We currently have a clear definition of energy poverty but I believe we are lacking ways of identifying the households



that are truly energy poor.

› **Would you like to add a comment on the topic of energy efficiency measures to tackle energy poverty?**

I believe energy efficiency to be only one part of the solution towards ending energy poverty. To eradicate energy poverty by 2050, we need to fully commit by making sure all new

buildings from now on are built as energy efficient as possible and teach people how to keep energy efficiency in mind in everything they do. I strongly believe in educating consumers to more energy efficient behaviours and contribute to a more sustainable future.

INTERVIEW WITH ANDREEA VORNICU-CHIRA (Center for the Study of Democracy and ORSE)

› **Do you expect an increase in the number of households at risk of energy poverty due to the current energy crisis?**

There is a high chance to observe an increase in the percentages of households affected by energy poverty. However, we cannot estimate precisely how many households will be affected. Using various indicators for measuring energy poverty, we know that for 2020, 33% of the households were spending more than 10% of their income on paying the energy bills and 10% of the households fall under the poverty line after paying their bills which are higher than the national median (HBS, 2020). This means that one third of the households were already vulnerable in 2020, with a higher percentage in the first deciles of income. When it comes to the LIHC (low income, high cost) indicator, the most affected households are the ones from the first three deciles of income. Another important discussion for the Romanian context is nuanced by the M/2 indicator which indicates forms of hidden poverty or underconsumption. Basically, households use less energy than needed for their daily activities and heating because they cannot afford to pay more. For 2020, the first three deciles of income are highly affected. While the heating benefits reach only the households with very low incomes that manage to navigate the bureaucratic system, leaving behind other households in need, the compensation and cap mechanism are expected to limit the

impact of high energy prices. Moreover, these measures have the potential to lower the impact of high energy prices not only on low income households, but also on the medium income households that might have been highly impacted by the energy crisis. But even with these measures, the number of households in risk of energy poverty is expected to rise.

› **Have there been recent changes in the policy measures to tackle energy poverty?**

If we look at the changes from the last 2-3 years, there are several laws and governmental decrees that try to address the question of the vulnerable consumer. Firstly, the Vulnerable Consumer Law, adopted in 2021, offers a definition of the vulnerable consumer, introduces the concept of „minimal energy needs” and presents a list of mechanisms to address the phenomenon of energy poverty. Among the measures presented, a high importance is given to the financial schemes (heating benefits and energy supplements) which are designed as yearly social interventions, mainly for heating, for the low income households. Because the heating benefits are granted based on an income threshold and the bureaucratic process is quite complex, many vulnerable households are left behind. Moreover, the legislation has limited procedures for the implementation of non-financial schemes or other mechanisms listed as potential solutions for the vulnerable consumer. Therefore, this law



enacts rather short term and dependency mechanisms for tackling the energy poverty.

Other important measures address the immediate effects of energy poverty and were issued as a reaction to the energy crisis: the compensation and cap measures adopted by the Government. The cap mechanism for the final consumer and the various compensation schemes for the suppliers represented immediate responses for the high energy prices (both gas and electricity, with the mention that a cap mechanism was enacted for the wood market, as well). While these measures have their own logic in times of crisis (protecting not only the energy poor households, but also the ones that may become vulnerable), they cannot be considered viable long term solutions, as they have a very high cost on the budget and do not address the root causes of the problem.

› **Are energy efficiency schemes an important part of the national strategy or approach to tackle energy poverty?**

The energy efficiency schemes should be drafted, implemented and communicated as important national strategies for tackling energy poverty. In Romania, there are several programmes designed for the thermal rehabilitation of the national building stock. Specially designed for the urban areas are: a. the governmental programmes (implemented through the Ministry of Development and Local Administration and the local authorities), where usually the households need to financially contribute to the renovation (20% of the cost, but local authorities may decide to cover this percentage for the energy poor households) b. the Renovation Wave scheme, part of the NRRPs (only 15% of the funds will be allocated to marginalized multifamily buildings and will cover the entire costs of the renovations) and c. other European Funds (like Cohesion Funds and other schemes) that may be administered by the government or the local authorities. For the rural areas the most important schemes are the ones administered

by AFM (the Environment Fund Administration) and the funds go directly to the beneficiaries through various mechanisms. While these schemes are important, they do not include energy poverty as an important objective that needs to be addressed. The importance of national energy efficiency schemes (be it thermal rehabilitation in rural and urban areas or other schemes) has been widely discussed during the Romanian Observatory of Energy Poverty (ORSE) meetings. Because these schemes have the potential to tackle one of the root causes of energy poverty, the reduced energy efficiency of the Romanian residential building stock, the ORSE experts recommended the inclusion of vulnerable households into these schemes. While in urban areas, energy poor households may be included in these programmes through the financial support of local authorities, for rural areas, the programmes are directly designed for the medium and high-income households leaving the vulnerable ones with no support. In conclusion, energy efficiency schemes should be an important component of the energy poverty strategy, but now they only marginally address this phenomenon.

› **What is or should be the role of energy companies in the schemes to tackle energy poverty?**

Energy vulnerable households are consumers of energy like any other households from Romania and from this perspective, but not only, the companies should be directly involved in addressing the phenomenon. Following the principle of offering a service for a client, utility companies should adapt their packages and services for this type of consumer. Another important aspect related to energy poverty, among the low incomes and the reduced energy efficiency of the buildings, is given by the consumption patterns a household has. The companies have data about consumption patterns, data that are vital for researcher and policy makers for both better understanding energy poverty in its



complexity and for tailoring adequate policies for different households. Because there are so many aspects conducive to energy poverty, a better mapping would allow clustered profiles and better solutions. Therefore, ORSE insisted on the importance of better and functional partnership between supplier and distribution companies, research institutions and authorities, with the objective to ease the access to consumption data and increase the collaboration for finding better solutions for the vulnerable consumer. Under the argument of GDPR, utility companies are very reluctant to give access to consumption data for both local and national authorities and research institutes which leads to a limited mapping of energy poverty and fractured policies that cannot address all the root causes of the problem. Moreover, it is in the direct interest of the companies to better understand the criteria that may exacerbate the vulnerabilities of a household and design personalized packages for these consumers.

› **You have done a lot of research on energy poverty in Romania: can you give some policy recommendations for its alleviation?**

The policy recommendations are the ones already listed on the Romanian Observatory of Energy Poverty. I will summarize the most important aspects and I will give you the link of ORSE for more details.

1. Local authorities can play an important role in both mapping and addressing energy poor households by implementing One Stop Shop schemes. Local authorities already have a better understanding of the local realities and vulnerabilities and have the potential to better collect local data and tailor solutions adapted to the local needs. This instrument would also increase the trust mechanisms between citizens and authorities and would enhance the democratic participation.

2. There is a need for better access to data to have a better mapping of the phenomenon.

Most of the energy poverty indicators are calculated based on the income of the household and the expenditures with the energy bills. Some data may be triangulated with variables related to heating types and other households' characteristics, but there is a clear need for access to consumption data. In addition, a National Register of the Building Stock, a programme started several years ago would offer a better perspective of the status quo, the types of the buildings that are in dire need for thermal rehabilitation and would allow the generation of solutions.

3. The thermal rehabilitation programmes, be it for the urban or the rural areas, but especially the ones designed for the rural areas, need to include in their targets the energy vulnerable households. Accessible programmes (reduced bureaucracy, extended subsidies for rehabilitation, etc.) for the vulnerable categories would offer a long-term solution for the problem of energy poverty.

4. In connection to point 3, policy makers should extend their focus from short term interventions (heating benefits, energy supplements, etc.) to long term solutions that address the root causes of vulnerability.

5. Because energy poverty has multiple manifestations, there is a need for coordinated response from various stakeholders. One of ORSE's proposals was to either create an inter-ministerial body or another mechanism that would encourage the collaboration among various ministries and decision makers. This would lead to clear institutional leadership, better articulated policies and would increase the administrative capacity to tackle the phenomenon.

6. There is a need for increased administrative capacity, both at national and local levels for absorbing European Funds designed for energy poverty and implementing the projects locally.

For more details see the [ORSE website](#).





SOCIALWATT

CONNECTING

OBLIGATED PARTIES

TO ADOPT INNOVATIVE

SCHEMES TOWARDS

ENERGY POVERTY

ALLEVIATION

SocialWatt is a Horizon 2020 project that develops and provides **utilities** and **energy suppliers** with appropriate **tools** for effectively engaging with their customers and working together towards **alleviating energy poverty**.

SocialWatt also enables obligated parties under **Article 7** of the Energy Efficiency Directive across Europe to develop, adopt, test and spread **innovative energy poverty schemes**.

SocialWatt contribute to the following three main pillars:

- 1 Supporting utilities and energy suppliers contribute to the fight against energy poverty through the use of **decision support tools**.
- 2 Bridging the gap between energy companies and social services by promoting collaboration and implementing **knowledge transfer** and **capacity building activities** that focus on the development of schemes that invest in Renewable Energy Sources / Energy Efficiency and alleviate energy poverty.
- 3 **Implementing** and **replicating** innovative schemes to alleviate energy poverty.



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