

Energy Poverty in Belgium

For this introductory article, we prefer the term *energy poverty* over *fuel poverty*. By speaking of *energy poverty*, we stay as close as possible to the French '*précarité énergétique*' and the Dutch '*energiearmoede*.' When these terms are used by policy makers and social workers, they refer to problems of affordability of domestic energy in general. This means that all sorts of energy use related to housing are taken into account when discussing energy poverty: space heating (and cooling), water heating, cooking, lighting and use of home appliances (cf. Hills 2012, p. 29). We are convinced this broad phenomenon is better covered with the term 'energy poverty'.

Even though there are terms in both French and Dutch to refer to the general problem of energy poverty, there exists no universally adopted definition of energy poverty in Belgium, let alone an official one.

After analysis of existing definitions in other European countries, and on the basis of a variety of considerations, we propose the following conceptual definition in a recent report:¹ "*Energy poverty refers to a situation in which a person or household encounters particular difficulties to satisfy basic energy needs related to housing.*"

There is, however, a rise in both political and academic attention to the problem of energy poverty. At the federal as well as the regional level energy poverty is mentioned in coalition agreements, and guaranteed access to energy plays a central role in the federal plan to tackle poverty (the '*armoedebestrijdingsplan*' or '*plan de lutte contre la pauvreté*').

In recent years, media coverage of energy poverty has increased as well. Especially during winter time, numerous stories were published and attention was drawn to the phenomenon of energy poverty. Even though, news coverage rarely goes in depth, general interest is clearly on the rise.

Most of the existing social and environmental regulation and policy measures related to domestic energy are not directly concerned with energy poverty. Instead, they mainly figure within two broad categories. One group focuses on the price of and access to energy. Among other

¹ See Huybrechts, Meyer & Vranken (2012). Available in both French (<http://dev.ulb.ac.be/ceese/CEESE/fr/projet.php?menu=1&categorie=3&projet=124>) and Dutch (http://www.ua.ac.be/main.aspx?c=*OASES&n=104242)

measures, regional governments impose additional public service obligations, as allowed by the European Directive 96/92/EC. The second category of policy measures mainly consists of lowering energy consumption and limiting its environmental impacts. Unfortunately, there is no connection between these two types of measures and a broader, long-term energy (poverty) strategy.

Consequently, most of these measures are curative, indirectly targeting households confronted with energy poverty: only rarely do measures operate on a long-term basis, focusing on the prevention of energy poverty. There are, however, programmes dedicated to the overall improvement of energy efficiency in housing, for example by providing financial incentives for households' investments in renovation and insulation of their homes. However, it remains unclear how many energy poor households are actually reached with these measures but it is certain that they are under-represented compared to well-off households.

Despite this attention and even with existing policy measures related to energy, the problem of energy poverty seems to have been growing in recent years. However, it is difficult to compose an accurate picture of energy poverty in Belgium due to limited availability of data. In contrast to the United Kingdom, there is no systematic collection of information on the quality of housing. This severely limits the possibilities of creating a comprehensive indicator, which could serve social policy makers and academic research alike.

Despite these limitations, we can deduce from existing statistics that energy poverty is on the rise. Between 1999 and 2009, average household expenditure on energy use in housing compared to disposable income, rose from 4.36% to 5.77%. Moreover, these percentages differ significantly when comparing high and low incomes: in 2009, households in the first decile spent on average 15% of their income on energy, while the highest decile only spent 2.5%. It is no surprise then that more and more households are in default on their energy bills. The number of active budget meters is on the rise as well, even though there is no clear trend visible in the number of households being cut-off from the energy grid. It is, however, very difficult to say something about current 'hidden' energy poverty (see *infra*), precisely because of this lack of data.

For the remainder of this article, we present a brief overview of the main policy principles of the Belgian energy market. However, let us start by stating that the Belgian political and legal situation is rather complex, due to the regionalisation of several federal competences in favour of

the three regions: Flanders, Brussels-Capital and Wallonia. This results in large differences in implemented policy measures between these three regions. Additionally, nearly all the measures and programmes, as well as different entitling social categories and their corresponding qualifying conditions, differ from energy vector to energy vector. Thus, someone receiving assistance on the gas market might not be entitled for financial support when heating with a different type of fuel. For some sources of energy, such as wood or coal, there is no support system at all.

A central concept of consumer protection in Belgian energy policy is the notion of the *protected customer*. These protected customers enjoy significantly reduced tariffs for gas and electricity, as well as some other benefits. The qualifying conditions of this category are not directly linked with energy poverty. In brief, the following categories are eligible for support: households with one or more members receiving a living wage or other type of income replacement granted by the Public Centre for Social Action (PCSA), and households with a disabled member. In the Brussels and Walloon regions, customers who are in debt settlement are considered protected as well. Recently, the Brussels region has added a new category based on general income of the household that must be smaller than a maximum settled limit. As with most of the Belgian measures, this protective category is aimed at consumers in general, not necessarily those who are most likely to be energy poor.

This notion of the protected customer is only applied on electricity and gas markets. Households using other energy vectors, such as heating oil, have to rely on other supportive measures. Harmonisation between different support structures is needed to rub out existing inequity.

For those households using heating oil, there is a *social heating fund* (called *sociaal verwarmingsfonds* in Dutch or *fond social chauffage* in French), providing support to households with limited income and with financial difficulties paying their energy bill. Households that qualify can ask their local PCSA for a fixed amount of financial support per litre of heating oil.

Costs of these measures and programmes are generally financed with levies on the energy price per unit of consumption. However, these financing bases tend to shrink continuously due to better housing insulation and investments in decentralised energy production systems (e.g. domestic solar power), which increases the financial burden for other households. As a paradoxical consequence, these social programmes are increasingly paid for by low income households, considering that energy efficiency investments are largely carried out by households

with medium to high incomes. Rethinking the financing mechanisms of these measures should therefore be a primary goal of future policy makers.

A second instrument that is central to social policy concerning access to gas and electricity, are the so-called budget meters (even though there are major differences between the three regions, the Brussels-Capital region having decided not to use this tool for example). When a household does not pay its bills after formal demand notice, the supplier can decide to ‘drop’ the customer. If the customer does not engage in a new contract with another supplier, he will be supplied by the distribution network operator. Unless the customer is protected, this new ‘supplier’ will charge him a ‘*dissuasive tariff*’ which is slightly higher than what is available on the private market. This dissuasive tariff, twice-yearly determined by the national regulator, is meant to encourage customers to return to the private market.

When the customer again gets into debt, now owing to the distribution network operator, and is unable to pay after formal demand notice, a budget meter is installed. In Flanders, this is paid for by the distribution network operator (who then mutualizes the cost by taking it into account in the distribution cost for all connected consumers). In Wallonia, the customer has to pay €100 (unless he is protected, in which case the network operator pays for it). From then on and until the customer returns to the private market, he can only pay his electricity and gas with prepaid cards. When his budget is depleted and the customer can’t recharge, he can activate an emergency reserve built into the budget meter. After this reserve is depleted, the customer effectively cuts himself off. However, in Flanders there is a current limiter built-in, so that the customer can still use a maximum of 10A of electricity. In the Walloon region, such a limiter only exists for protected customers. As regards budget meters for gas, no such minimum supply exists in either region. This means that the customer effectively cuts himself off. This situation results in ‘hidden’ energy poverty, where people still have access to energy but cannot cover their needs. Unfortunately, this type of energy poverty is very difficult to measure.

When the customer doesn’t recharge his budget card for some time, the distribution network operator can ask a local commission to cut off the customer. These commissions (*Lokale Advies Commissie* or *Commission Locale pour l’Energie*) are staffed with representatives of both the network and the PCSA and ultimately decide whether a customer is cut-off or not. In most cases, these commissions formulate an advise protecting the customers’ connection to the network while obliging him to follow a certain payment plan.

These measures make sure that only a limited number of people are cut-off from the

electricity and gas network. However, as explained above, there are a number of people who cut themselves off because they lack financial funds to recharge their budget meter. It is thus very difficult to gain insight in the number of people who have to live without access to electricity or gas because of financial problems.

Bibliography

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