Knowledge on Risk of Energy Poverty feeds the current political discussions in Europe

Speaking to the ESPON Coordination Unit, policy makers emphasized the ways they can make use of the findings from the ESPON ReRisk Project while scientists highlighted evidence and scenarios on the impact of rising energy prices.

ESPON provides policy makers with detailed knowledge on the development of the European territory. This is clearly reflected in the recently released ESPON ReRisk (Regions at Risk of Energy Poverty) Final Report, which puts the results of the project into an interesting policy perspective.

The Japan nuclear disaster and the recent unrest in the Arab world might change the energy policies in Europe. According to the International Energy Agency, Europe receives over 85% of Libya’s crude-oil exports (data from 2010 show for instance that Italy is by far the biggest importer of oil from this country, followed by France, Germany, Spain and the UK¹). Therefore, oriented policies towards clean energy supplies and sustainable energy sources become more and more urgent.

Phaedon Enotiades, ESPON Monitoring Committee Member for Cyprus, is a city and regional planner at the Ministry of Interior’s Department of Town Planning and Housing

ESPON helps to better understand how the challenges Europe faces will affect EU territories and the balance of their development. ReRisk results provide evidence that allows for developing a territorial approach towards European Energy policies. Its recommendations can be used to stimulate the policy making process by showing regions their constraints and potentials with regard to security of supply, energy efficiency and environmental protection.

In Cyprus, with less than 5% of total energy consumption supplied by renewables, oil imports are a considerable burden on the island’s small economy. Last year this reached 1 billion Euros, representing 14% of the country’s total imports. It is obviously necessary to develop policies that will ensure security of supply at a price affordable to consumers, something difficult to achieve due to the precarious and costly transport links currently available.

It is clear that Cyprus must increase the share of renewable energy sources. Possibly catalysed by Directive 2009/28/EC or the promotion of Renewable Energy Systems, recent developments in the field are encouraging (2). Cyprus is committed to increasing the contribution of Renewable Energy Systems to 13% of gross final energy consumption by 2020.

The European Commission adopted on 10 November 2010 “Energy 2020 - A Strategy for Competitive, Sustainable and Secure Energy”. The strategy indicates the energy challenge as one of the greatest tests which Europe has to face. What can policymakers gain from the results of the ReRisk project in order to master this challenge in the best possible way?

Kamila Matouskova, ESPON Monitoring Committee Member for Czech Republic, is Head of the International Territorial Cooperation Unit at the Ministry for Regional Development - Department of European Territorial Cooperation

The ReRisk results deliver future-oriented territorial evidence on the impact of rising energy prices on the competitiveness of European regions as well as on social cohesion in a long-term perspective.

The ReRisk typologies - groups of regions according to features of energy poverty - identify regions with Economic vulnerability due to regional industrial specialization, regional dependence on transport and social vulnerability due to low ability to pay energy bills. This way the project illustrates perspectives of individual types of regions for the future based on four scenarios.

Among the most vulnerable regions due to their economic structure with high energy consumption there are several North Italian regions, Hungarian regions and almost the whole Czech Republic. Although the production in heavy metallurgy and chemistry decreased during the recent two decades, the problem still exists.

The project brings useful messages for the Czech policy makers in terms of energy efficiency priority and possibly renewable energy source preferences, instead of nuclear energy development, raising energy prices for households, or keeping traditional coal dependency which lacks a long-term perspective.

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2 6.7 MW of photovoltaic systems and 7.9 MW of biomass utilisation units have already been installed. Moreover, the operation of the island’s first wind park with a capacity of 82 MW has just begun, while construction has started on five other wind parks, with a total capacity of over 75 MW.
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Which tailored information can ReRisk provide policy makers with in order to tackle this challenge in the best possible way?

Daniela Velte, Project Coordinator of the ReRisk project

The project is revealing the regions’ socio-economic vulnerability, their climate characteristics and potential for the development of wind and solar power. In order to provide policy makers with tailored information, the ReRisk project elaborated different typologies of regions reflecting the impact of increasing energy prices for the demand as well as the supply. With the support provided in workshops by external experts, the project also developed four long-term scenarios sketching the scope of actions for regions within the context of national and European energy policy.

A web tool has been developed that is available on the web-site www.rerisk.eu. This application helps policymakers to easily obtain information on their region’s risk of energy poverty profile. It also allows for comparison between individual regions, and users are invited to add information on actual energy consumption with the idea of covering an important piece of statistical information, which is not yet otherwise available.

What can be done in order to fight energy poverty in Europe?

Sverker Lindblad, ESPON Monitoring Committee Member for Sweden, is Senior Adviser at the Ministry of Enterprise, Energy and Communications - Division for Regional Growth

Energy poverty in households must be addressed in the context of social policies, which are generally implemented at the local level. However, there is a need for setting a common definition of public service obligations, which are specific to the energy sector, as foreseen by the European Charter on the Rights of Energy Consumers. One important step is to provide customers with transparent and comparable information on energy use and prices in order to enable them to reduce their energy spending as it was proposed in the ESPON ReRisk report.

Depending on the regional specificities and “risk profile”, challenges have to be tackled in different ways from region to region. The report gives good practical advice on how policies can be developed in this regard.

Has the topic on regional energy poverty and security of supply to be encountered in first place on national or regional level?

Mathilde Konstantopoulou, ESPON Monitoring Committee Member for Greece, is Economist at the Ministry of Economy, Competitiveness and Shipping

In our opinion, a problem lies in the lack of regional energy statistics in the European Union. Harmonized statistics exist in some cases, when and where regional energy statistics are available, but these examples are few.
ReRisk addresses energy poverty in terms of difficulties or obstacles that a region faces in order to have access to energy supply. Consequently, an energy poverty regional issue becomes directly a national issue for the country in question. If the energy suppliers are local agents, then it should be their responsibility to manage the distribution of the network for the supply of energy at local and regional level. However, the issue of addressing the problem of energy poverty is both a regional and national issue and should be dealt with at the most appropriate level accordingly.

The Re-Risk project provides a good analysis for regional energy disparities and its results clearly demonstrate that by analyzing the exposure to energy poverty on regional, rather than on country level, a much clearer image of social disparities in Europe emerges.

Daniela Velte
Taking up on the logic of regional disparities, let me illustrate this fact by giving you an example: people living in the poorest region in Bulgaria earn less than 12% of the average income of people living in Inner London, but Bulgarians pay on average more for electricity than the British when accounting for the different price levels in the two countries, as measured by the power purchase standards (3).

However, as described by Mathilde Konstantopoulou, responsibilities are split between the regional and national level. Nationally guided energy strategies tend to give higher priority to security of supply, while regions are generally in charge of policies related to awareness-raising, especially in the residential sector.

Regions with a greater scope of action and lower dependence on energy-intensive industries tend to be more active in promoting renewable energy sources and these characteristics determine to some extent their exposure to the risk of energy poverty.

Are local energy networks to be favored in the future in order to secure the energy supply for Europeans cities and regions?

Daniela Velte
Local energy networks, both for district heating and cooling, would help to make a much more efficient use of energy. Especially for islands, mountainous and peripheral regions of Europe that are at risk of energy poverty, it is of great interest to evaluate their potential for renewable sources, e.g. solar-thermal, small wind, or photovoltaic plants, which can deliver energy for direct consumption without being fed into the general electricity grid. The reason for this is that grid access has costs associated, such as transport and distribution charges as well as taxes. If the production stays off the grid and is consumed directly, these additional costs are avoided. As a result, the higher the total price of electricity sourced from the grid, the more competitive installations of renewables for end-use become.

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3 The purchasing power standard, abbreviated as PPS, is an artificial currency unit. Theoretically, one PPS can buy the same amount of goods and services in each country [Source: http://epp.eurostat.ec.europa.eu, 27 May 2010].
Phaedon Enotiades

Depending on their territorial specificities, some island regions have developed small and isolated energy systems, far and detached from the trans-European energy networks of oil, natural gas and electricity. Such regions also have to meet EU environmental constraints, as well as diversify their energy balance and enhance their security of supply. Other priorities that such regions can set include ones related to the contribution of the energy sector to the productivity and competitiveness of the regional economy and the environmental protection and sustainable development of their energy market.

Whether large or small, central or peripheral, each region must fully explore all economically viable Renewable Energy Systems opportunities and energy saving potential.

Links
ESPON ReRisk Final Report
Overview of the ReRisk Project
Maps on renewable energy sources

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More information
The ESPON 2013 Programme is part-financed by the European Regional Development Fund, the EU Member States and the Partner States Iceland, Liechtenstein, Norway and Switzerland. It shall support policy development in relation to the aim of territorial cohesion and a harmonious development of the European territory. ESPON shall support Cohesion Policy development with European wide, comparable information, evidence, analyses and scenarios on framework conditions for the development of regions, cities and larger territories. In doing so, it shall facilitate the mobilisation of territorial capital and development opportunities, contributing to improving European competitiveness, to the widening and deepening of European territorial cooperation and to a sustainable and balanced development.

The Managing Authority responsible for the ESPON 2013 Programme is the Ministry of Sustainable Development and Infrastructures of Luxembourg. More information: www.espon.eu.