

# Energy poverty and the vulnerable consumer.

## How far are we from Europe?

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[ Theoretical, legislative framework and statistical evidence ]



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*The Center for the Study of Democracy (CSD), think tank founded in 2006 by the Faculty of Political Sciences of the Babeș-Bolyai University in Cluj-Napoca, examines the topic of energy poverty and the vulnerable consumer from Romania, in a research project supported by ENEL. The present report presents the preliminary findings of the research, following the analysis of the literature, of the Romanian and European legislation, as well as of the statistical data in Romania. We perform a critical analysis of European and national definitions and we address issues such as heating benefits, social tariffs for electricity and access to electricity. Not being vulnerable from an energetic standpoint is important, as it involves, among others, access to education, information and a clear path for exiting poverty in the broader sense.*

*The entire report can be accessed at the following link:  
[http://democracycenter.ro/application/files/8114/9116/4619/Brief\\_saracia\\_energetica\\_2.pdf](http://democracycenter.ro/application/files/8114/9116/4619/Brief_saracia_energetica_2.pdf)*

*Energy poverty, understood as an issue of accessibility of energy resources, as well as the defective access to modern means of ensuring comfort in dwellings, is a widespread phenomenon in the European Union, the post-Communist space being particularly affected by it. In Romania, the phenomenon is not marginal, but it is underestimated, incompletely addressed at the conceptual and legislative level and targeted by incoherent and contradictory policies. Starting from the prevailing discussions over the notion and the work tools carried out at the international level, the report makes a radiography of the legal framework and the public policies in Romania and analyzes the manner in which the approach practiced currently affects the social reality in our country. The report identifies the main shortcomings and offers concrete solutions. In terms of structure, the analysis is based on three main pillars: a review of the issue at the level of literature and European and international institutions, a radiography of the legislative framework and of the practices in Romania, an analysis of data at the level of our country. The study is completed by a series of conclusions and recommendations.*

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<sup>1</sup> The data and conclusions included in this document reflect the exclusive position of the CSD and may contain material errors, which we will correct in the next stages of the research, based on suggestions received from stakeholders. Throughout the period April-July, the project will continue through a field research of this phenomenon. We would like to thank the National Regulatory Authority in Energy, the Ministry of Labour, Family and Social Protection, the National Institute of Statistics and Enel for the data supplied with the purpose of substantiating the report.

## Executive summary

In Romania, the legal framework with regard to energy poverty is given by the Law 123/2012, as primary law, and by the ANRE regulations, as secondary legislation. The primary law does not define energy poverty as a distinct term, however it defines the vulnerable client explicitly as „the final client belonging to a category of household customers who, for reasons of age, health or low income, face the risk of social exclusion and who, to prevent that risk, benefit from social protection measures, including those of a financial nature”.

From the perspective of public policies, the Law 123/2012 requires the authorities, according to the European requirements of the Third Energy Package to develop a „national plan of action in cases of energy poverty.” Beyond the blur of the law related to the institutions that are responsible for this process (the Ministry of Energy, or the Ministry of Labour), the action plan has not been developed so far, which makes the problem to lack the necessary strategic approach.

In the EU, the measures to protect vulnerable consumers range from limitations on disconnections for nonpayment (most jurisdictions), to social tariffs, exemptions from certain components of the invoice, pre-assigned social benefits for energy bills, as well as free counseling on energy-saving arrangements. Moreover, the most widely accepted indicators in literature and in practice for the purpose of sizing the phenomenon and targeting measures take into consideration a ratio between the income and expenditure on energy at the household level and show different aspects of energy poverty (the report explains and uses the indicators 2M, LIHC or the indicator of hidden energy poverty). They are not used in Romania. The exclusive criterion applied with the purpose of including consumers in the vulnerable category is income per household, which leads to an incomplete understanding of the phenomenon.

The Third Energy Package elaborated by the European Commission, based on the premise of positioning public policies around the consumer, recommends having interventions through integrated measures: financial, non-financial and efficiency measures. The state is required to define the vulnerable category and ensure that it benefits from protection. The European Union has yet to adopt a unanimous definition of energy poverty, but most opinions converge towards its understanding in terms of the impossibility of a household to ensure for itself the necessary energy services at affordable costs.

According to the instruments used by the Romanian State for measuring poverty energy, taking into account the household income and home heating benefits exclusively, in 2015, 4.6% of the Romanian population was affected by the phenomenon. If the three established indicators were to apply, the number of those considered as being energy poor would increase even to 19%.

Financial facilities are currently granted only to vulnerable consumers falling into this category in terms of income. Non-financial facilities are restrictively applicable only to vulnerable clients for reasons of health or age. They are detailed in the regulations issued by ANRE, but no regulation drawn up by state institutions with social policy attributions mentions the qualification criteria on the grounds of age or health. Consequently, these non-financial facilities apply unevenly and with difficulty.

In financial terms, the principle of granting heating benefits is that of partial compensation of heating expenses, depending on the income per family member, up to the limit of the monthly average consumption. The data of the Ministry of Labour and the data collected by the National Institute of Statistics (INS) show that 50% of heating benefits cover wood heating, the support for electric heating having a proportion of just 2% percent of the total. In addition, 56% of the amount of benefits are going to the poorest 20% of households. Although nearly a quarter of the amount of benefits is directed towards the poorest households, with an income of up to RON 55 per family member, the data show that approximately 70% of households with such incomes do not receive any benefits.

Furthermore, 12% of the Romanian population benefits from social energy tariffs. However, based on data corresponding to three areas of distribution, we find that 42% of households requesting the social tariff do not manage the

consumption properly and they exceed the minimum consumption threshold required by law, tariffs above those of the social level applying automatically.

In terms of non-financial measures, ANRE regulations provide minimum periods of grace for paying the bill for all household consumers in a regulated manner, both vulnerable and ordinary ones, without any additional regulated means of protection/benefit for payment for those who are vulnerable. Any litigation relating to various forms of stealing electricity, in the absence of agreement of the customer to make the payment for the entire amount charged by the provider, cannot be resolved in any way but by the courts of law, which do not have the necessary technical expertise required by such cases. The legislative framework contributes to the perpetuation of unfair practices in the relationship between clients and providers.

A third aspect is related to the existing structural measures. These relate not only to improving the efficiency of the dwelling fund, but also to ensuring access to modern energy resources for isolated dwellings. Lack of access to electricity should be acknowledged as a form of energy poverty. In the past ten years, the Government has provided conflicting data related to the number of households without electricity, and the solutions proposed for solving this problem were never put into practice.

### Conclusions

We have identified three major problems arising from the deficient legislative framework, which also influence its implementation:

1. The deficient definition of the vulnerable consumer, hard to operationalize through concrete measures;
2. Deficient tools for measuring energy poverty (in other words, of identifying households which are energy poor);
3. The absence of integrated measures for the structural approach of energy poverty, of a clear distribution of tasks between state institutions and of complete policy-making circuits.

The main conclusion is that heating benefits fail to cover a large portion of energy poor households. To these problems there are added difficulties regarding the physical access to resources, the ownership of dwellings, the quantification of incomes in kind, which may lead to ungranted benefits, or the communication between authorities, providers and clients, especially in poorer areas.

### Recommendations

- The legislative framework should shift the philosophy of understanding and solving energy poverty from measures (which should be maintained as a social protection measure for the short term) to the need to ensure the heat requirement, therefore the measures for the improvement of the condition of households and of consumption efficiency.
- The Action Plan regarding energy poverty imposed by the legislation in force should be immediately elaborated under the coordination of the ANRE. This should represent the mission of a team bringing together representatives of all state institutions concerned with the problem of poverty and energy efficiency. The plan should contain three types of remedies: financial (through social security system or direct), non-financial (not disconnecting) and of energy efficiency (structural).
- Other specific proposals are the following:
  - Amending provision regulations so that for the clients who are vulnerable due to their incomes to make available non-financial benefits as well (e.g. prohibition to disconnect during the cold season, payment schedules, etc.).
  - Introducing the obligation of the provider to warn the consumer after a certain period of exceeding the 2nd installment of the social tariff in a recurring manner, that it would be better to pass to the normal tariff.
  - The establishment, by the Ministry of Labour, of the criteria by which a household client may be included in the category of vulnerable clients for reasons of health or age, of the procedure by which a citizen can obtain this status and the manner by which it is made known to the provider of electricity or natural gas. This way, non-financial benefits provided by the legislation in force could actually be applied.

## I. Energy poverty and poverty in relation to fuel: Concept and definition

From the point of view of terminology, especially literature and documents in English make use of two different concepts: *energy poverty* and *poverty in relation to fuel* (fuel poverty), which most often are used interchangeably. Muşatescu (2012) insists on the need for a distinction between the two concepts. There can be an impact both in terms of the development of public policies and as regards monitoring instruments specific to each of the two concepts. The first term refers to access issues which are specific especially to developing countries where whole segments of the population do not have modern energy sources; the second involves accessibility issues specific to developed states, where affording to ensure a consumption in accordance to the needs can be a problem. Despite this distinction, European documents call mainly at the notion of energy poverty.

In Romania's case, the second concept is more likely to be relevant, although the problems of access to modern infrastructure are present in many communities. However, the concept of poverty in relation to the fuel is not present in the legislation or in governmental public policy documents from Romania, whereas that of energy poverty is.

Beyond the specific accents offered by national laws or theoreticians, the explanation with the widest acceptance refers to the inability of a household to ensure energy services it needs at affordable costs. (Liddell et al., 2012) Unlike other approaches, this study correlates energy poverty to the household income and to the associated cost of all energy resources consumed by that household, not just for heating. (Rademaekers et al, 2014). We define the phenomenon at the intersection of small incomes, low energy efficiency and high energy costs.

## II. The vulnerable consumer and energy vulnerability: Concept and definition

In the literature or in the public policy documents relating to energy poverty we often come across an associated concept: the vulnerable consumer. Consumer vulnerability takes into consideration those a priori conditions which, as a result of the interaction with the market, can produce negative effects on the well-being of the individual. There are two types of definitions for the vulnerable consumer.

- Vulnerability which relates to the characteristics of the consumer, the so-called endogenous perspective (Brennan et al, 2011).
- Vulnerability which depends on the broader situation of the consumer - the exogenous perspective.

The public policy vision provided by the European Commission since 2016 combines the two perspectives in such a way as to encompass both categories of consumers who find themselves in a situation of vulnerability due to individual, demographic or socio-cultural conditions, as well as conditions relating to the structure of the market.

## III. Defining vulnerability in national legislations

Understanding the vulnerability from the perspective of consumer behavior on the market is especially important to understand the factors of the issue, the effects on the population and to identify measures of intervention as targeted as possible on the categories of consumers who are in situations of vulnerability. Beyond this perspective, however, there is a vision which relates to the way in which the phenomenon is defined in the legislative framework of every state. A 2015 ACER study makes a review of energy poverty/ poverty in relation to fuel at the level of the laws of the member states of the European Union and finds that there are two dominant ways to define the concept: explicitly (the criteria are specifically identified in the law) or implicitly (the criteria are not set out in law, but are present in the social system in the form of eligibility conditions, the persons who qualify usually being the benefici-

aries of several types of benefits). Most explicit definitions refer to low income, health problems, age-related limitations, disabilities, etc. The ACER report points out that, despite the differences in nuance, the manner in which vulnerability on the energy market is defined does not affect the type of remedies approached or their impact in terms of number of persons affected. However, it is possible that the way the definition is constructed to have effects on the definition of public policies chosen, respectively on the institutional map.



**Table 1: Measures to protect vulnerable customers in the EU (2014)**

Measures	Applicability	
	electricity	Natural gas
Limitations on disconnections for nonpayment	AT, CY, GR, FR, GB, HU, IE, IT, LU, LT, NL, <b>RO</b> , SI, SE	AT, BG, GR, FR, GB, HU, IE, IT, LU, NL, <b>RO</b> , SI, SE
Special prices of energy for vulnerable consumers (the so-called social tariffs)	BE, CY, GR, ES, FR, GB, PT, <b>RO</b>	BE, FR, GB, PT
Exemptions from certain components of the invoice (e.g.: the cost of the actual energy, network fees, taxes, etc.)	GR, IE	IE
Additional social benefits, unallocated, for the payment of energy bills	AT, CZ, DE, FR, HU, NO, SE	AT, CZ, DE, FR, HU, NL, SE
Social benefits exclusively pre-allocated for the payment of outstanding expenses with energy.	AT, DE, FI, GB, HU, IE, NO, PL, SE	AT, DE, FI, GB, HU, IE, PL, SE
Free counseling on the ways to save energy	AT, FR, HU	AT, FR, HU
Free replacement of energy-inefficient appliances	FR	BE, FR
Financial grants for replacing inefficient appliances	AT, CY, FR	AT, FR
The right to postpone payment	CT, FR, HU, LT	FR, HU
Other	AT, DK, GR, HU, IE, LT, MT	AT, DK, HU, IT, LT, SI
Source: The database on national indicators of CEER (2015)		
Note: the results are based on data from 29 jurisdictions. In Greece, free allocation of electricity includes 300 kWh per month for certain sub-groups of vulnerable consumers, according to the recently adopted social policy measures. In Ireland, the Department for Social Welfare is implementing a scheme for people over 70 years old. They are entitled to free electricity or gas, up to a maximum amount of EUR 35/month.		

### III.1 How does the primary law (123/2012) define the consumer vulnerable and energy poverty in Romania?

The Law 123/2012 on energy and natural gas, with subsequent additions and amendments, does not define energy poverty as a distinct term, but it defines the vulnerable client:

**Vulnerable client** - final customer belonging to the category of household customers who, for reasons of age, health or low incomes, are at risk of social exclusion and who, to prevent that risk, benefit from social protection measures, including of those of financial nature. Social protection measures, as well as the eligibility criteria for these are established by normative acts.

The primary law does not refer to the vulnerability of energy consumers strictly from the perspective of access to energy resources, but it can be about „social exclusion” and due to lack of access to electricity or the impossibility of paying the electricity bill. We note that Romania practices an endogenous perspective on vulnerability exclusively, without referencing to factors external to the consumer that may influence vulnerability (market structure, lack of information, etc.).

### III.2 What does the secondary legislation issued by the ANRE state about vulnerable consumers?

The ANRE details the benefits for the protection of vulnerable customers in two orders, one for electricity (Order 64/2014) and one for natural gas (Order 29/2016).

Both for energy and for gas, the regulations include the definition of the vulnerable client, providing details in addition to the primary definition. Therefore, a household client is considered vulnerable if:

- a) he/she has low income, established by state institutions with social protection attributions;
- b) at the place of consumption lives an elderly person with health problems who requires continuity of supplying the home with electricity or

other special conditions relating to the provision service.

The criteria for falling in both categories of vulnerability are established by “state institutions with attributions in the field of social protection”.

## IV. The vulnerability typology

A 2015 INSGHT\_E study identified five factors that determine vulnerability. They can be identified in all economic sectors, including in energy, in its specific forms:

a. **Behavioural factors:** there are a series of problematic practices on the market that distort the energy consumer behavior and his/her ability to choose, therefore generating a state of vulnerability.

b. **Market factors:** the energy market design.

c. **Access factors:** these factors are mainly of structural nature. The access to the energy market can be prevented in many ways: lack of communication tools; failing to connect to the distribution network (mainly in rural areas); limited access to services for clients or conditional access to better deals, etc.

d. **Contextual factors:** refer to personal circumstances, permanent or temporary, in which consumers are becoming more and more vulnerable.

e. **Personal and demographic factors:** refer to certain ethnic groups, age, level of education, or the gender. Depending on these factors, some people may become more vulnerable to the transformations of the energy market.

It should be noted that in each case the situation of vulnerability can be complex, being the result of the interaction between several factors, giving rise to multiple vulnerabilities. Through the way they manifest, the five categories of factors mentioned above give rise to a series of dimensions of vulnerability.

According to the study, at the level of Romania, the greatest impact on energy vulnerability is produced, in order, by the variables that fit

within these dimensions: the ability to purchase, access or select products suitable to the needs (dimension 4), respectively unfair market practices (dimension 5).

- **Dimension 4:** the inability to purchase, access or select products suitable to the needs;
- Consumers do not compare offers;
- They face difficulties in comparing offers;
- For personal reasons, consumers experience difficulties in comparing offers;
- For reasons relating to market mechanisms, consumers experience difficulties in comparing offers;
- For reasons relating to access, consumers experience difficulties in comparing offers;
- Not changing the provider for personal reasons;
- Not changing the provider for reasons relating to market factors;
- Not changing the provider for access reasons;
- Not changing the provider due to the costs associated with the terms for termination of the contract;
- Not changing the provider due to association with other conditions.

- **Dimension 5:** Exposure to unfair market practices:
- The consumer feels vulnerable because of the complexity of the offers, the terms and conditions;
- The consumer feels vulnerable, especially because of the complexity of the offers, the terms and conditions;
- Under the given conditions of market, the consumer has opted for the correct offer.

The latter presents the highest rate of incidence and at EU level. In the energy sector it exceeds 85%. However, Romania is an exceptional case, frequently exceeding the European average on a large proportion of the indicators. There are states with a high frequency of low outliers. These record values well below the main tendency on all dimensions: Austria, the Czech Republic, Estonia, Finland, Germany, Poland and the United Kingdom, while states such as Romania, Croatia and Cyprus tend to have, in reverse order, an increased frequency of high outliers. The recorded values are far over the main tendency.

On the two dimensions, on the energy market, the study identifies the following indicators which place Romania on high outlier position (i.e. where these drawbacks are found on the Romanian

market in a disproportionate manner in relation to the European tendency):

- o The client does not compare product offers (indicator which includes all five factors);
- o For reasons relating to access, consumers experience difficulties in comparing offers (access factor);
- o He/she uses the services of an electricity provider and has not opted for another one for personal reasons (the personal factor).

## V. Energy poverty - Definitions, approaches and European instruments

Studies show that poverty in relation to fuel is a widespread phenomenon at the level of the European Union. EU-SILC indicators place the energy poor population at 11% of the total EU citizens (Pye, 2015), at over 50 million citizens in figures (CES, 2013). A resolution of the European Parliament from 2013 appreciates that the people affected in one way or another by this phenomenon are somewhere between 50-150 million. Despite this reality, at the level of European institutions, there still no consensus on the definition of the phenomenon, or as regards to the measurement indicators, or a unified policy approach. Moreover, despite the recommendations of the Economic and Social Council of 2013 to develop a common approach framework, it still does not exist. The lack of a unanimous approach generates scarce political commitment at the level of national authorities, differences in approaching the phenomenon and many shortcomings resulting therefrom. On the other hand, the lack of a unanimous vision has the advantage of allowing to address the phenomenon based on the characteristics presented at the level of each state. From here derives the dominant approach of the EU: **the principle of subsidiarity, but in which the European Commission plays an important coagulating role.**

The third energy package of 2009 tackles the issue of energy poverty as part of the larger topic regarding the energy consumer protection in the context of the liberalisation and interconnection of markets in the EU and in the vicinity. This package of measures is based on the premise that the design of the market must be focused more on the consumer, who is much more committed, responsible and able to take informed decisions. Starting from the acknowledgement of the

importance of the phenomenon in the region, the document sets out a number of directions for intervention. The dominant principle is that of subsidiarity for the member states involved through action plans to combat energy poverty or through other intervention frameworks that they required to create at national level. These involve both targeted measures and general ones relating to phenomenon of poverty, with which poverty in relation to fuel is largely correlated.

The norm recommends interventions through integrated measures: on one hand, member states shall protect and ensure the unrestricted access of vulnerable persons (people in isolated areas are a special category) to resources, particularly in crisis situations. In this sense, the state is required to define the vulnerable category and ensure that it benefits from protection. Financial measures are considering combining social benefits with measures related to the energy efficiency of buildings. All these measures must be notified to the European Commission. Given the wider context of consumer protection, the measures recommended in this respect (market prices, transparency in the relationship with the providers, the introduction of smart meters, etc.) may have a positive impact also on the status of the vulnerable consumer on the energy market. (Directives 2009/72/EC par. 53 and art. 3/7,8 and 2009/73/EC par. 50 and art. 3/7,8 of 13 July 2009 concerning common rules for the internal electricity and gas market.)

## VI. Energy poverty indicators

The indicators used in this report are based on the study of Rademaekers, who identified and analyzed 178 common indicators in the assessment of the poverty phenomenon. The indicators were ranked into several categories of which only two have been approved: indicators of cost, respectively consensual indicators. Cost indicators take into consideration the expenditures with energy of a household and they are usually compared to incomes. Consensual indicators are indicators of perception and identify those households which are declared to be in a situation of energy poverty. A third category which we want to take a closer look at in this study is associated with the notion of a need to spend and the necessary heat/energy, referring to the energy

that a household should consume and the costs involved for achieving a certain standard of comfort. In literature, the opinions on this category are divided, on the one hand it is marginalized due to a lack of data to ensure the comparison in time and space (Rademaekers et al, 2014). Other authors refer to the shallowness of the indicators based on observed data, since they do not take into account the consumption needed for a household to be in optimum comfort. Therefore, they see much potential in the need to spend approach, especially if it is aided by support indicators or consensual indicators. (Thomson, 2013)

In terms of cost, an additional classification makes the difference between (1) households that spend too high a proportion of income on energy, respectively (2) households that spend too little on energy (or hidden energy poverty) (Rademaekers et al, 2014).

### Cost indicators

**1.1. Too high energy expenditure:** Double the National Median Share (2M) is a threshold indicator which takes into account the national median value of the share of energy expenditure from the available income. It was validated in competition with two widely practiced thresholds : 10%, according to which a household that spends more than 10% of its income on energy is in energy poverty and double the median of energy costs in absolute terms.

**1.2. Too low available incomes:** low income high costs (LIHC), developed by John Hills at the London School of Economics, is the indicator according to which the proportion of energy expenditure from the income is above the national median proportion while the residual income descends below the official poverty threshold. The main advantage of this indicator is that it makes the connection between poverty and energy poverty.

### 1.3. Hidden energy poverty (HEP)

This indicator identifies those households that have improperly low energy expenditures. There are several factors that may cause such a situation, such as limiting the consumption. For the calculation of hidden energy poverty, half of the national median of energy expenditures in absolute monetary terms is the most favored indicator (M/2).

Using all three indicators in parallel can offer a much more complex image of the situation of energy poverty at the level of a state.

## VI.1 How would energy poverty look in Romania if it were measured with cost indicators?

The three indicators show similar proportions of households that are in poverty, but significantly more than the proportion of those currently receiving heating benefits.

The correlation between the indicators used above to count households that are in energy poverty and the indicator based on the number of those currently receiving heating benefits is small for all indicators. In other words, the category of households currently considered in energy poverty on the basis of granting heating benefits overlaps in a small measure with the category of households identified as being in energy poverty, according to each of the three indicators. Moreover, as is apparent from the table and above, a small proportion of households identified as energy poor according to each of the three indicators are currently granted heating benefits. The largest overlap is in the case of the indicator LIHC, the largest for 2014.

As regards the rural/urban distribution, the first indicator (2M) identifies nearly two-thirds (64,8%) of households in energy poverty in urban areas, while the other two in large proportion (82% for M/2 and 71% for LIHC) in rural areas. LIHC and M/2 indicators illustrate a problem of low incomes, more commonly found in rural areas. In the case of LIHC, low incomes and large energy expenditures. In the case of M/2, low incomes and reduced expenses. Another possible explanation for these results may be the quality of dwellings. Large energy expenditures in urban areas may arise from the fact that dwellings (especially old ones) are not yet brought to an optimal level of energy efficiency. Indicator 2M does not illustrate that much an issue of income, but rather of inefficiency.

<sup>2</sup> This type of indicator is associated with the notion of need to spend and to that of the necessary heat/energy. Its calculation request a complex modeling that takes into account a complexity of issues such as the quality of housing, the heating systems, external factors, demographic characteristics of the household, lifestyle, etc. At the same time, it takes into account ambient temperature standards. Indoor temperature standards most widely agreed upon are those proposed by the WHO in 1987, being practiced in energy poverty measurement models from the United Kingdom. They are 21°C for the living room, respectively 18°C for other residential areas, Scotland uses the standard of 23°C in the living room for people with special needs and the elderly. (Thomson 2013, p.7)

According to data from ABF, the low proportions of the population that fall within the income thresholds, but who are currently receiving heating benefits are surprising. On the first three levels, **under 30% of those who should receive benefits according to the income adjusted per family member are actually receiving them.** The proportion decreases as you move into the higher income thresholds. On the other hand, we cannot know the reason why those who do not receive the benefits are excluded. We only know that proportion of the two boxes with question mark in the table below is 100%- and the proportion of the first quadrant. In the example shown, 76,10% of households with incomes falling in the first income threshold are not receiving benefits, without us knowing if that happens because they are excluded or because they do not request the benefit. If they are not requesting it, we assume it is a communication problem at the local level. The entitled persons either do not know that they can receive benefits, or they do not know the procedure. It is also possible that city councils do not inform the people affected by poverty well enough that they are eligible for benefits, which shows major problems of efficiency of the system of benefits caused by poor implementation at the local level.

### Sizing incomes and expenses according to needs

In addition to indicators of income listed above, the literature claims that cost indicators are also relevant. They are tools that compare energy expenditures to household incomes. Therefore, expenditure and income sizing must be as clear as possible. There are two ways to express the expenses: actual (observed) expenses, respectively targeted (how much should a household spend so that it can provide the necessary energy consumption) expenses. Literature is in agreement about the shallowness of indicators based on observed data, since they do not take into account the necessary consumption for a household to be in optimum comfort. This type of data supports the category of indicators measuring ambient temperature.

**Table 2. The proportion of those identified as being in energy poverty in Romania (they receive heating benefits) versus the proportion of those identified following the application of the 2M, LIHC and M/2 indicators**

Indicator	2013		2014		2015	
	% energy poor according to indicator (of the total population)	% overlap between the actual beneficiaries and those identified by indicator	% energy poor according to indicator (of the total population)	% overlap between the actual beneficiaries and those identified by indicator	% energy poor according to indicator (of the total population)	% overlap between the actual beneficiaries and those identified by indicator
Heating benefits	7,4%	100%	6%	100%	4,60%	100%
2M	11,9%	14,86%	19%	33,33%	12,10%	17,39%
LIHC	12,3%	27,02%	16,9%	41,66%	9,90%	30,43%
M/2	12,2%	24,32%	18,7%	16,66%	13,5%	32,6%

\*The data come from the Family Budget Survey (NIS)

## VII. Intervention measures in different countries in the European Union

As a result of European rules, member states are required to define the vulnerable consumer on the energy market, without providing clear directions with respect to these definitions. Most definitions (approx. 40% of the states) refer to social welfare beneficiaries or to those who are vulnerable for social reasons, and not to the energy costs. Some states refer to the vulnerability derived from the health or disability, although this approach is an overlap with the social welfare system. Other states identify in the definition certain socio-economic groups separated according to features such as age, income or others. Only three states refer to energy costs (France, Italy and Sweden).

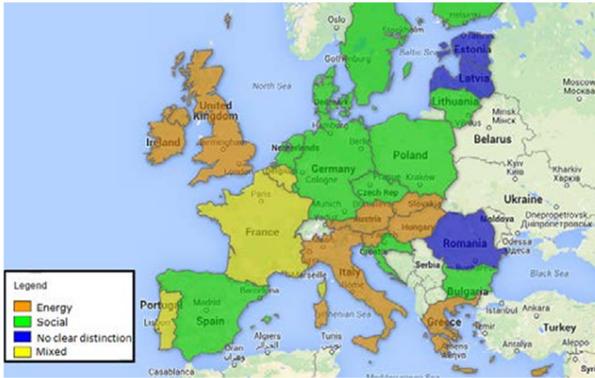
In drafting the measures for remedying energy poverty, at European level, it is advisable to distinguish between two types of answers: one is aimed at short-term measures of protection and access to resources in a regulated market. They concern the vulnerable consumer. A second type of response aims at energy poverty as a pheno-

menon and involves long-term structural measures for improving the energy quality of housing. In this context, an inventory of measures to combat energy poverty identifies four types of intervention measures at the level of the member states of the EU: financial measures, additional non-financial measures, measures to increase energy efficiency and information measures. Non-specific measures can also be identified, which target the vulnerable consumer in general. (Pye et al., 2015)

Although the type of definition adopted does not determine the degree success of the policy for the management of energy poverty, it determines the type of measures taken. The distinction is not necessarily clear, however it can divide states in two categories, according to the state actors coordinating policy, problem definition and type of measures. Therefore, we have countries with a social focus in which vulnerability is a direct effect of low incomes and, hence, of poverty, and states with a focus on energy policies. The map below identifies two clear categories: states with social policies (in green), states with energy policies (in orange). It also identifies a category in which appear both energy and social policies (in yellow), respectively a fourth category in which the distinction between the two types of approaches is unclear, as is the case of Romania.

<sup>3</sup> Large discrepancies are observed between the results for the years 2013, 2015, respectively 2014. These may indicate differences in the techniques used for sampling.

Figure 1. The EU map based on public policies for addressing energy poverty



Source: Pye et al., 2015

### United Kingdom

In 2001, the United Kingdom issued a strategy for the eradication of poverty in relation to fuel by 2010. Therefore, the affected households were identified on the basis of the 10% indicator along with a standard temperature of 21 degrees in the living room, respectively 18 degrees in other rooms. In defining measures, of the energy poor households were prioritized those who included elderly people, children, people with disabilities and other chronic diseases. The instrument was subsequently refined in order to avoid the effects of price volatility by introducing two new indicators: LIHC and the interval poverty in relation to fuel. The change occurred only in England. (Pye et al., 2015)

### Ireland

Ireland uses the 10% indicator, but considering the possibility that some groups are more affected than others, the instrument is complemented with support indicators that capture these tendencies. Therefore, a household is in a state of severe energy poverty if in a year it spends more

than 15% of the available budget on energy services and in a situation of extreme poverty if the amount spent exceeds 20%. The energy poverty level in 2009 was over 20% of the population, of whom more than 70 percent were in a state of severe or extreme poverty. (Pye et al., 2015)

### France

In France, the National Observatory of energy poverty recommends using three indicators simultaneously: the 10% indicator applied only to the first three deciles of income to reduce the population that is taken into account. This indicator is relevant for the purpose of applying preventive measures from the category of energy efficiency, aiming at reducing the proportion of income allocated to expenditure on energy the LIHC indicator (low income high cost) measures the magnitude of the phenomenon and is considering measures to improve the financial situation of affected consumers; a heating indicator that captures the perception on thermal comfort in the dwelling. As in the case of Ireland, the affected population in France exceeds 20% of the total. (Pye et al., 2015)

## General provisions of the principal and secondary legislation on financial and non-financial benefits in Romania

### VII.1 The vulnerable consumer of electricity in Romania

The primary law brings only two mentions regarding energy poverty, placing in the responsibility of the Ministry of Energy the implementation of the „national plan of action in cases of energy poverty” in title II of the Law, the one regarding Natural Gas. In title I of the Law, with respect to Electricity, the similar task of drafting a plan is the responsibility of the Ministry of Labour, in collaboration with the Ministry of Energy. **The difference between the two titles represents, most likely, a legislative error, since there is just one document, not two.** Although the law dates back from 2012, at the time of this research (March 2017), this action plan has not been elaborated/published/adopted.

The primary law also includes an article (Art. 64) dedicated to the protection of vulnerable customers, stating that:

- Vulnerable clients enjoy benefits regarding the energy supply service and network access.
- It is forbidden for vulnerable clients to disconnect from the electric distribution network, including in energy crisis situations.

However, the types of benefits for the protection of vulnerable clients, apart from the financial ones, „shall be determined by the ANRE.”

Art. 57 of ORDER No. 64/ 2013 of the ANRE President for the approval of the Regulation of supplying electricity to final customers resumes idea that state institutions with attributions over social polices establish the „criteria for including a domestic client into the vulnerable client category for reasons of low income, the benefits and ways of implementing them” and communicate them to the provider. All these also determine if a household client is vulnerable for reasons of health/age, transmitting the inclusion in the

category to the provider. **The regulation does not mention specifically what are the financial means for protecting vulnerable customers, so we cannot know if the authorities consider only heating benefits as such benefits or social tariffs on electrical energy as well.**

The regulation specifies the non-financial measures which the network operator takes to protect vulnerable customers, but only for those vulnerable for reasons of health or age. **The regulation (otherwise, no other law) does not provide any means of non-financial protection for household electrical energy consumers, vulnerable for reasons of low income.**

For vulnerable clients for reasons of age or health, the network operator has to take measures such as minimising planned disruptions, handling unplanned disruptions with priority in an area of the network where live such clients, as well as ensuring an additional source to the consumption place where resides a person „whose life depends on a medical device powered by electrical energy”.

### VII.2 The vulnerable consumer of natural gas in Romania

Unlike the regulation in the field of electricity, that in the natural gas sector (approved by Order no. 29/2016 of the President of the ANRE) is more complete. Therefore, it expressly provides the two types of benefits granted to vulnerable clients for reasons of low income: financial and non-financial ones. The financial benefits are also specified in detail, namely benefits for home heating with natural gas and monthly billing of natural gas consumption, on the basis of reading/ autoreading, during the winter months. The provider has the obligation to notify the system operator about the list of vulnerable clients for reasons of low income, received from the state institutions with attributions in the field of social protection.

Non-financial facilities granted to vulnerable customers for reasons of age/health are providing access to the customer service center through arrangements tailored to that person's

vulnerability, monthly billing of the consumption only on the basis of actual consumption, read or autoread (but only at the request of the vulnerable client), the transmission of all information materials in a format that is compatible with most programs of reading documents, and the color of the fonts used must be in contrast with the color of the background”.

As in the case of electricity, the determination of precise criteria for the classification of a client as vulnerable for reasons of health or age is made by state institutions with attributions in the field of social policies. Such a regulation has not been issued in Romania so far, so it is hard to believe that both the ANRE and the operators, can correctly and completely identify these clients and apply non-financial means of protection contained in the regulations of the ANRE in a unitary manner.

Vulnerable clients for reasons of age/health, both to gas and electricity, may choose to appoint a third party to maintain the relationship with the provider.

## Financial measures

The study identifies financial measures as the main measures of intervention in 40% of the cases in the member states. These measures are usually financed from the social security budget, through the general system of social protection or, more rarely, through direct payments to the beneficiaries. The main actor in managing this type of support is the government, through national specific agencies or from the territory.

The advantages of financial benefits are especially linked to the need for support in the short term, which are justified, particularly, when we speak about transitional periods (e.g. towards a free market). Their role is to avoid a cost too high for the population and, in particular, for that consumer category that is most vulnerable. Although financial benefits represent the usual method in the intervention against energy poverty in most member states of the EU, opinions converge

with respect to the need to reduce these benefits along with the gradual introduction of programs that take into account structural measures, more sustainable and with much larger effects.

This method is especially favored by Scandinavian states or the Netherlands. Financial measures are considered to have a minimal structural impact, that the vast majority of cases reaching those groups of the population with a higher standard of living and housing and appliances that are more efficient (as it has been established as a result of a program implemented in Croatia in 2008 that it aimed to compensate for the increase in the price of electricity). In addition, because of the administrative costs or of their administration through the social security system, financial measures are of a general nature (blanket approach), less targeted, and not aimed at those who are truly affected by energy poverty, namely outlier segments, which are usually the most entitled to receive them. Usually it is the population that needs to ask in order to receive them, context in which intervene a whole string of obstacles: from lack of access to information, to failure to respect submission deadlines, to the randomness which accompanies the selection process administered by civil servants or to the excessive conditionality, sometimes contradictory, of complicated bureaucratic process, costly and lasting for the applicant and the difficulty to follow the bureaucratic process associated to the lack of education, etc. Therefore, various European authorities recommended the constant improvement of these tools, so that barriers to access are reduced as much as possible, while the coverage rate to be as high in relation to those groups in society who are most entitled to benefit from them. Pye, et al. (2015)

### VII.3 How are vulnerable consumers protected through financial instruments in Romania?

We consider that the operationalization of financial instruments is done by two means: 1) heating benefits (GEO 70/2011), respectively 2) social tariff of electrical energy (Order no. 176/2015<sup>4</sup>)

<sup>4</sup> Order no. 176/2015 for approval of regulated electrical energy tariffs applied by providers of last resort to household customers who have not exercised their eligibility right, as well as the conditions for the application of regulated tariffs and tariffs for the competitive market.

of ANRE), although the law does not explicitly categorize them as such. Other financial measures are not provided in the legislation in force.

## How does the heating benefit system work?

Compared to the definition of the vulnerable client from the primary law, the legislation governing heating benefits comes with an additional indication, namely that into the category of vulnerable consumer, falls the „single person/family who is unable to maintain the dwelling in adequate temperature conditions, namely temperature 21°C” and whose income limits are placed within certain thresholds stipulated by the law.

It should be noted that, in the GEO 70 or in the implementing regulations, there is no mechanism by which the limit temperature of 21°C is proven/ tested. The questionnaires which must be filled in by applicants for benefits do not request this information as well.

Benefits are granted regardless of the form of heating: centralized heating, natural gas, solid fuels (wood, coal), or electricity (when the dwelling has no other forms of heating).

The principle of granting such benefits is that of compensating the percentage of the expenses with heating, depending on the income per family member, up to certain average levels of monthly consumption. Therefore, the higher income per family member (up to certain maximum eligibility thresholds, which vary depending on the fuel used), the smaller the percentage compensated.

To exemplify, if consumers use for heating the thermal energy supplied in the centralized system, the maximum income threshold that allows the granting of benefits is of RON 786 monthly per family member in the case of families, and RON 1082 in the case of single persons. All these limits (revenue, percentage compensation and the amount of the effective benefit) may be updated annually, by Government decree. The legislation does not provide, however, an updating methodology. In the case of the largest incomes (between RON 615 and RON 786 per family member), compensation is 5%, increasing up to 90%, for incomes below RON 155 per family member.

In the case of single persons, it goes up to 100% compensation. The maximum monthly amount of benefits varies according to the number of rooms available in the home, the temperature at which it is located (the counties of the country being divided into three zones of temperature) and price of the gigacalory in the place where the dwelling is situated. The actual benefit is also calculated according to the local price of the gigacalory, the percentage compensation being granted both from the local budget, as well as from the central budget. The income thresholds and percentages of compensation shown above are those from the state budget, any possible benefits from the local budget being added to them.

The granting system is a complex one, involving the National Agency of Payments and Social Inspection (through its territorial agencies), providers (which basically receive only a portion of the invoice from consumers, recovering the rest from the state institutions, differentiated from one consumer to the other, depending on income), and town halls (which receive applications and grant this right). Only in the case of wood heating (or other solid fuels), recipients receive benefits in the form of cash. In this case, the source of funds remains the state budget, managed by the Ministry of Labour, but through transfers to local budgets. It is a system which works based on requests, not based on the proactive identification of potential beneficiaries in the territory. It is a system that applies solely to persons who have identity documents and reside lawfully in housing for which the benefit is requested.

At the request of the territorial agencies of ANPIS, town halls are obliged to carry out social investigations to verify the veracity of the data included in the declarations whereby the people are requesting benefits. These investigations shall be conducted for at least 60% of the beneficiaries of the right to heating benefits.

The EGO 70/2011 is supplemented by implementing regulations, namely the GD no. 920/2011.

Methodological rules detail issues such as the format of the request that applicants must submit, a list of goods which constitute grounds for refusal of assistance, the process through which the mayors grant the benefits, including the number of days for their communication, etc. Also, the rules provide the manner in which local

authorities can approve heating benefits from their own budgets, in a maximum amount. The norms detail (Art. 11 - 12) how the effective and maximum monthly amount for heating benefits is calculated, taking into account that the price of the gicalcalory varies from locality to locality, as well as how the associations of owners calculate the consumption and keep track of benefits, including deadlines and procedures for communication with providers on these topics. Other articles from norms detail the process in the case for solid fuel benefits and natural gas benefits. There are the rules and provisions relating to the communication flows between town halls and territorial ANPIS agencies, and the manner in

which social investigations shall be carried out by the town councils (application of Art. 30 of the emergency ordinance).

The data come from the Ministry of Labour, Family and Social Protection and the Family Budget Survey (NIS) 2015

The table below shows a few aspects that help assess the impact of the system of granting heating benefits.

As regards the distribution of benefits depending on the type of fuel, 60,18% of the total sum go to the households that heat with solid fuels (especially wood). Their proportion is highest in the lower thresholds, progressively dropping towards the threshold of RON 615. It is noteworthy the very low share of electrical energy.<sup>5</sup>

**Table 3. The distribution of benefits according to income thresholds<sup>5</sup>, depending on the type of fuel for winter 2015-2016**

Income threshold	%ET	%Gas	%Electricity	%Comb. solid	Total households (according to M. Of Labour)	% households (according to M. Of Labour)	% households receiving benefits (according to ABF)
<b>up to 155</b>	8,81	17,09	1,8	72,31	177105	26,48	0,80
<b>155,1 - 210</b>	8,16	20,12	1,37	70,34	51158	7,65	0,60
<b>210,1 - 260</b>	9,98	21,8	1,92	66,3	45023	6,73	1,80
<b>260,1 - 310</b>	11,45	25,19	1,23	62,13	46284	6,92	1,00
<b>310,1 - 355</b>	12,4	24,99	0,95	61,66	39863	5,96	4,10
<b>355,1 - 425</b>	13,07	18,95	1,16	66,82	100544	15,03	3,50
<b>425,1 - 480</b>	15,43	22,59	1,1	60,89	59991	8,97	4,20
<b>480,1 - 540</b>	21,17	23,39	1,22	54,22	52735	7,88	5,40
<b>540,1 - 615</b>	30,06	22,79	1,32	45,83	50271	7,52	14,30
<b>615,1 - 786</b>	100	0	0	0	29710	4,44	23,20
<b>786,1 - 1082</b>	100	0	0	0	16226	2,43	41,00
<b>TOTAL</b>	19,3	19,19	1,32	60,18	668910	100,00	100,00

<sup>5</sup> Calculated by the Ministry of Labour in relation to the index recommended by the OECD, according to which the income per capita is standardized according to household size according to OECD rules as follows: the first adult has the coefficient equal to 1, any adult an additional 0,5, each child has the coefficient 0,3.

<sup>6</sup> Income thresholds in the range RON 615-1082 apply only to those households that are in a centralized system, which slightly increases the share of benefits for this type of heating compared to the other three types.

26,48% of benefits go to the poorest households. We notice the gradual lowering of the following thresholds, followed by a sharp rise for the interval RON 355,1-425, to 15%, after which it reverts to a decrease towards the last income thresholds. This increase for the aforementioned interval corresponds to an increase of the amount of benefits for heating with solid fuels.

At the same time, comparing data from the Ministry of Labour to those collected through the Family Budget Survey (the last two columns) shows a big discrepancy in terms of the amount of the benefits and the percentage of households that receive these benefits, in particular in the case of the first income threshold. More specifically, 26,48% of total benefits offered by the Romanian state go to 0,8% of households. Even after the elimination from the analysis of households and benefits corresponding to last two income thresholds (over RON 615), the variation is not changing, and over 28% of the amount of benefits reach only 5,59% of households in the first threshold, up to RON 155. Therefore, over half the administrative effort of authorities with granting benefits are turning to households that are in the higher income thresholds, a percentage less than one heading to the poorest households.

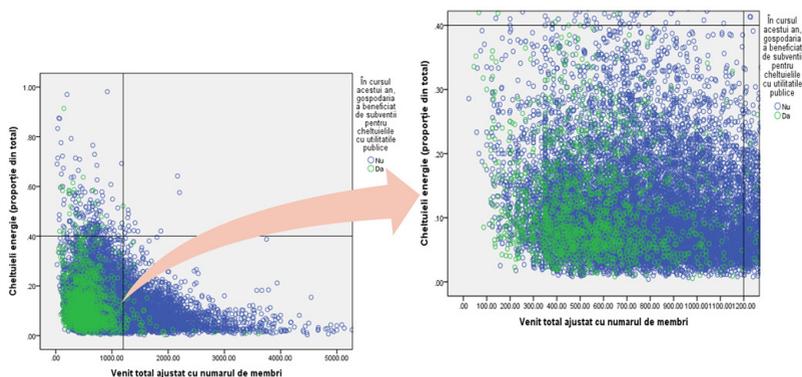
This indicates a possible error of sampling data collected by the NSI, which could significantly misrepresent the poorest households. Also, for

the last two income thresholds, which correspond only to those who receive a subsidy for centralized heating, the amount of benefits is very small, but the number of households benefiting is very high.

The last column shows that most households receiving benefits are located in higher income thresholds, over RON 310, which corresponds to the previous study conducted by the World Bank in 2013, but there is the reserve related to possible underrepresentation in the sample of the poor households.

The chart below that benefits are headed mostly towards poor households, but which are also the most inefficient in terms of energy costs dimensioning in relation to their own incomes. In other words, the cloud of green dots oriented upwards shows that most benefits do not go to those with the lowest incomes, but also by those who spend too much on energy relative to their incomes. This income area corresponds to higher income thresholds, over RON 310, who stood out and in the previous table as being those which gather the largest proportion of benefits.

**Figure 2. The distribution of benefits on the basis of household income and share of expenditures with energy (according to ABF 2013)**



## VII.4 The social energy tariff - another financial benefit granted to vulnerable clients

Final providers of electrical energy are required to provide clients the social tariff, upon request, *if their average income per family member is below the national minimum wage*. Although the law does not specify that the social tariff is granted based on including the clients in the vulnerable category, according to the definition of this category from the Law 123, we believe that the social tariff as well represents a means of financial support of vulnerable customers. Here is how it works:

Household clients with a net average monthly income per family member lower than or equal to the minimum wage may request the provider to apply this tariff „based on the supporting documents attached to the request” (ANRE Order 76/2015). The consumption from the billing period is successively allocated in three installments: 1). in the first installment it is considered 2 kWh / day for each day of the billing period; 2). in the second installment is considered to be 1 kWh / day additionally to the first installment for each day of the billing period; 3). in the third installment, the difference between the actual consumption and the consumption included in the previous installments. The three installments have significantly different tariffs. Thus, for Installment 1 (for a maximum of 62 kWh / month, if the current month has 31 days), the tariff is 0,1954/kWh, for Installment 2 (for the next maximum 31 kWh consumed per month) is of 0,4690 RON / kWh, so everything that goes into Installment 3, so everything that exceeds 94 kWh / month is priced at RON 0,9246. As order of magnitude, the price corresponding to installment 2 is a bit higher than a regular tariff regulated for a household consumer, while installment 3 is nearly doubled. These values are established periodically, usually annually, the last order in this sense being the ANRE Order 76/2015.

The general procedure for granting the social tariff is a very old one, regulated by Order no. 38/2005 of the ANRE. Therefore, the social tariff is granted only for the place of consumption

where the consumer has his / her stable residence (theoretically, therefore, can not be granted for holiday homes, etc.). At the time of the issuance of this order, consumers who wished to continue to benefit from a social tariff or to switch from another tariff to the social tariff had to submit to the provider a declaration on their own average monthly income per family member. These were to be sent by the providers to city halls, obtain their validation, then were to be returned on an index basis. Even afterwards, although the city hall has no responsibility for validating the citizens' incomes, consumers who want to switch from another tariff to the social tariff have to submit to the provider an income declaration validated by the city hall (art. 15 of the order). We consider that this 11 year old regulation, contains provisions that are impossibly to apply at the present moment, such as the validation of the income statement by the city hall (as the city hall does not have data bases on the incomes of individuals).

The obligation to communicate the change of income, which entails the failure to comply with the social tariff, rests with the consumer. The law provides penalties for the consumer who has unlawfully benefited from the social tariff, namely the recalculation of the bill at another tariff (CD type of monome) for the whole period when they have unfairly enjoyed this benefit. The legislation does not provide who, when and in how should this verification be performed. The order also mentions that the social tariff is recommended to be chosen only if the consumer has a monthly consumption of less than 90 KWh.

According to the ANRE, **12%** of all household clients of electricity providers on the regulated market benefit from the social tariff.

According to data offered by ENEL, for the counties they cover, the proportion of households which do not size their consumption according to the consumption installments specific to the social tariff is, on average, over **42%**. This is the percentage of clients who benefit from the social tariff who exceed the consumption corresponding to installment 1, and **over 16% exceed the consumption corresponding to installment 2**, entering the highly sanctioning tariff corresponding to the third installment.

**Tabel 4. The proportion of beneficiaries of social tariff exceeding installments 1 and 2 of consumption**

County	Exceedings Installation 1	Exceedings Installation 2
GIURGIU	37,8	16,3
CARAS-SEVERIN	38,1	18,9
HUNEDOARA	38,3	15,7
ARAD	38,8	18,2
TIMIS	41,7	20
BUCHAREST	43,2	16
ILFOV	43,8	22,5
TULCEA	44,9	21,3
CALARASI	45,2	22,3
IALOMITA	45,5	21,6
CONSTANTA	47	21,6

\*The figures represent the percentage of total vulnerable clients from that county.

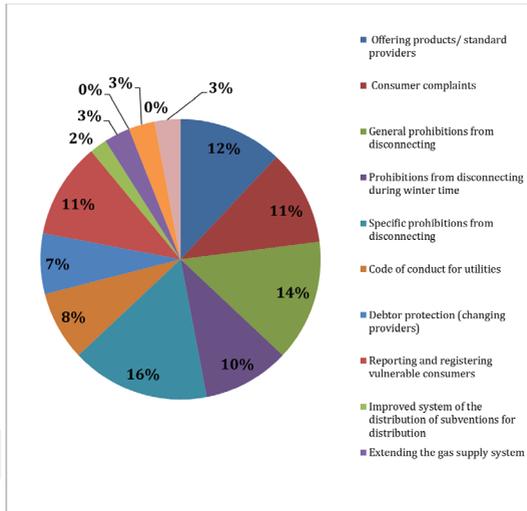
## VII.5 How do heating benefits interact with the social tariff?

Since the social tariff is extremely sanctioning for cases where consumption exceeds approximately 90 kWh, it would be harmful to consumers who use with electrical energy for heating during winter. In the case of those who use electrical energy exclusively for heating and receive heating benefits, since they fall in revenue level specified in the GEO 70/2011, the Order 76/2015 of ANRE finds the solution to avoid the automatic application of penalty tariffs (namely Installation 3, of the social tariff, almost double as any other non-vulnerable household applicable fare). Therefore, to those clients benefiting from both forms of support „is applied the regulated tariff of monome type, with reservation (CR)” for the electricity consumed during the cold season, except where clients request in writing to the providers to apply the social tariff. At the end of the cold season, defined as the maximum of five months in which consumers enjoy heating benefits, clients are automatically switched back on the social tariff, this provision, however, not existing in the regulation specifically.

## Non-financial measures of consumer protection

This category of intervention measures is among the most heterogeneous, as it involves specific measures specific to each market. These types of measures are paramount in 20% of the member states, being present in 80% of them (except in countries such as Bulgaria, Croatia and the Czech Republic). They are especially important in periods of transition to a free market, as an additional means of protection of the affected population. The most important actors in the process of identifying and implementing the measures are regulatory authorities together with utility companies. In countries such as Belgium, Ireland, Luxembourg, Sweden and the United Kingdom, providers become seriously involved in the design of the regulatory framework. In France, Greece and the United Kingdom authorities are especially active in the process of identifying and reporting of vulnerable energy consumers. Protective measures against generalized disconnection or under particular conditions (winter) are the most common. Some states even guarantee the right to change providers and under conditions of excessive debt (Denmark, France, Luxembourg, United Kingdom). Other measures of consumer protection may be imposing from the part of the regulating authorities equitable tariffs or other methods of regulating the market, respectively sanctioning the companies in case of failing to implement the protection schemes provided by law.

Figure 3. Measures of non-financial protection of vulnerable consumers in Europe



### VII.6 How are vulnerable consumers protected through non-financial instruments in Romania?

The primary law states that the ANRE regulates non-financial means for the protection of vulnerable customers, who should benefit from „benefits regarding the ensurance of the service provision”, existing the prohibition of their disconnection from the network, including in crisis situations.

Analyzing the ANRE regulations, we have concluded, however, that for vulnerable consumers for financial reasons, both of gas and of electricity, there is no non-financial means of protection, in the sense of the prohibition of disconnection or facilitating the access to the supply service. For those who are vulnerable for reasons of health or age - having no legislation detailing the specific criteria for establishing this type of vulnerability-ANRE regulations provide non-financial aid, as well as reducing interruptions, transferring the invoice into an accessible format, etc. However, in the absence of a procedure to identify, by first name and last name, based on clearly specified criteria, providers can not apply those non-financial benefits.

### VIII. The issue of access to electrical energy and of disconnecting

#### Lack of access to electricity should be acknowledged as a form of energy poverty.

Bearing in mind that in Romania there are approximately 100.000 households without electrical energy (according to a Government decree proposal lauched in public debate in 2012, by the Ministry of Economy), we consider that the legislation in force concerning the electrification of households should be studied.

The last National Electrification Programme was approved in 2007 by the Government decree (GD no. 328/2007) and covered the period 2007 - 2009. The leadership of the program was ensured by an interministerial commission, and the effective management by the Ministry of Administration and Internal Affairs. On 15 May 2006, in accordance to the aforementioned decree, there were 67.738 unelectrified households, at the level of the entire country, the identified solution being that of connecting them to the electricity distribution network, less than in the case of isolated rural localities, where the decree mentions

<sup>7</sup> [http://www.minind.ro/PROPUNERI\\_LEGISLATIVE/2012/august/hg\\_electrificare\\_23082012.pdf](http://www.minind.ro/PROPUNERI_LEGISLATIVE/2012/august/hg_electrificare_23082012.pdf)

as solution the use of generating independent groups. The decree also contains a plan of action, for each month, for the purpose of calculating the necessary amount of financing of the works. Local councils were the ones responsible for coordinating the achievement of investments, with the consultation with the distribution operators in the area. Distribution operators were responsible for the annual elaboration of a study regarding the electrification stage of the rural areas, including the necessary works and investments, also identifying off-grid solutions, from renewable sources, where the classical solution of the energy supply is uneconomic.

In 2012, the Government has subjected to public debate another Government decree concerning the National Programme of Electrification, mentioning that in Romania there are 98871 unelectrified households, thus with approximately 30.000 more than five years ago. The difference from the previous Government decree is not explained. The Government decree was promoted in public debate in August 2012, was never adopted, and the agency which had to implement the strategy (the Romanian Agency for Sustainable Development of Industrial Areas, in the subordination of the Ministry of Economy) was disbanded by the Government Emergency Ordinance at the end of the same year, its attributions being taken over by the Ministry of Economy.

### *Disconnecting*

ANRE regulations provide minimum periods of grace for the payment of the invoice for all households in a regulated manner, those vulnerable and the ordinary ones alike, without any additional regulated means of protection/help in relation to payment for those who are vulnerable. Household clients who exited the regulated market by changing providers do not benefit from such minimum periods of grace, these being left exclusively to the agreement of the parties. However, for all household clients, ANRE regulations provide minimum periods for the transmission of the notice of disconnection, respectively for performing the disconnection.

Consumers may be disconnected also and in case of intervention on the feeding installations, but also in the case of illegal connections. The latter case means represents a misdemeanor, punishable with jail or a fine, and it is found through the rigours of the criminal law, with the intervention of the police/gendarmes.

However, the gaps in the legislative framework contribute to perpetuating the unfair practices in the relationship between clients and providers. For instance, any litigation relating to various forms of stealing electricity, in the absence of agreement of the customer to make the payment for the entire amount charged by the provider, cannot be resolved in any way but by the courts of law, which do not have the necessary technical expertise required by such cases. Laxing the possibility of mediation of such cases, including by the bilateral negotiation of compensations that could lead to the extinction, by mutual agreement, of the litigation.

## IX. Conclusions and recommendations

The objectives of this first phase of the research were the following:

- 1) to identify the main elements to be considered in any approach of the concept of energy poverty, according to the literature, with the recommendations of European institutions and with the experiences of other countries.
- 2) to analyze the legislation in Romania from the perspective of these concepts and to place our country in the European context also as a relevant case study
- 3) to build, through data analysis, a few arguments regarding the impact of the legislative measures applied in Romania on the energy poverty phenomenon.

At European level, states are recommended to come up with their own measures to solve the problem of energy poverty, according to its specific manifestations in each country. Thus, Romania has built its own legislative framework, consisting of a few regulations and orders of the ANRE, which touching the main concepts necessary for a good approach of this phenomenon, but which leaves many gaps in correctly identifying the target population and does not identify those public policy tools that lead not only to the correct identification of the problem, but also to its solution.

We have identified three major problems arising from the deficient legislative framework, which also influence its implementation:

1. The deficient definition of the vulnerable consumer, hard to operationalize through concrete measures
2. Deficient tools for measuring energy poverty (in other words, of identifying households which are energy poor);
3. The absence of integrated measures to structurally address energy poverty.

Currently, in Romania, the main method of measuring, but also of solving energy poverty relates exclusively to household incomes and are translated into practice by providing heating benefits by the state (and of social tariffs directly from providers, in the case of electricity). How-

ever, our analysis shows problems of efficiency in the manner in which such benefits are granted and whether they reach all those households which really face energy poverty. Applying alternative indicators which take into account the share of energy expenditures, recommended by the literature and used in other countries, identifies significant differences and accentuates the conclusion that heating benefits fail to cover a large portion of the energy poor households. To these problems there are added difficulties regarding the physical access to resources, the ownership of dwellings, the quantification of incomes in kind, which may lead to ungranted benefits, or the communication between authorities, providers and clients, especially in poorer areas.

Before presenting a series of proposals for amendments to the principal and secondary legislation that would eliminate some of the problems signaled in the text, it is important to highlight that the correct identification problems of energy poverty will persist regardless of the indicator used as long as it will be based solely on incomes and expenditures and it will not take into account the specifics of dwellings, which influence the ability of residents to ensure the necessary heat for minimum comfort. Therefore, it is necessary to connect to the discussion of energy poverty the concept of energy efficiency, in order to consider integrated measures to address the phenomenon not only in the short term, but also to aim at its sustainable solving. The legislation should divert the philosophy of understanding and solving energy poverty from benefits (which should be maintained as a social protection measures in the short term) to the need of ensuring the necessary heating. The new law which will enter into force in 2018 and which will introduce VMI does not do this.

The elaboration of a National Plan of Action, required by law, should clear up the whole map of stakeholders and their role. In the same document there can also be clarified the manner of defining and identifying vulnerable customers, as well as concrete procedures at the level of the authorities (in particular the Ministry of Labour and local authorities) for the benefit part, and the role of providers in relation to social tariffs or non-financial means of protection. Also, it needs to bring in the identification and problem-solving mechanism of the phenomenon of poverty the issue of energy efficiency and the housing fund,

which would enhance the importance of the Ministry of Regional development, Public Administration and European Funds and the interaction between the Ministry and local authorities (in addition to their involvement in providing benefits). The elaboration of the plan of action should be the mission of a team bringing together representatives of all state institutions concerned with the problem of poverty and energy efficiency (the Ministries of Labor, Energy, Economy, MDRAPFE, ANRE, Parliament, through the specialized committees), as well as representatives of providers, of local authorities and of civil society organizations that address the effects of energy poverty.

### **IX.1 Recommendations for changing public and legislative policies**

At this stage of the research we focus on legislative changes and specific public policies, meant to solve some unclear issues or omissions in the legislation, as well as certain blanks between the European legislation/practice and the national one. Broader reform recommendations, based on field research of the implementation of the present system of the vulnerable consumer protection and on an analysis covering a larger time horizon, will be made at the end of the research.

## For the Parliament

Current	Recommended change
<p>Title I and Title II of the Law on Electrical Energy and Natural Gas differ with regard to those responsible for drawing up the National Plan of Action in energy poverty cases. For natural gas (Art. 102, letter n) is responsible the Ministry of Energy, and for electrical energy (Art. 6, letter r) is responsible the Ministry of Labour, in collaboration with the Ministry of Energy.</p>	<p><b>Conducting a National Action Plan (NAP):</b> Amendment to the Law 123/2012 in such a manner that makes it clear that there is only one National Action Plan (NAP) in cases of energy poverty, the same energy for electricity and natural gas, which clearly defines who can be disconnected, in what circumstances and how operators retrieve the costs caused by failure to pay the bills by those who are disconnected.</p> <p><b>What kind of document should be the NAP?</b> Beyond the fundamental principles of the functioning of the market and the way in which the consumer must be protected, in accordance with the third energy package, the NAP must have an executive nature, to present a comprehensive analysis of vulnerability and energy poverty in Romania, to propose public policy solutions, tools, mechanisms, identify stakeholders and their responsibilities, etc., all these in a way that is as clear as possible, in order to avoid situations of overlapping, respectively administrative loopholes.</p> <p><b>Who should contribute to applying the NAP?</b> The NAP must be a collective effort of all relevant institutions: the Ministry of Labour for social welfare solutions, the Ministry of Energy for targeted energy policy solutions, MDRMAPFE for strategies of improving the housing fund, the ANRE for matters of regulating the behaviour of actors on the market and compliance with the principles of the third energy package. The involvement of the provider companies (following the model of Great Britain or France) or local authorities, which can in turn issue measures to protect vulnerable customers in the field of energy, it can be a win. Coordinating the standpoints between actors may be achieved through extensive consultations (following the Austrian model). These consultations could also integrate relevant NGOs, respectively representatives of consumers. <b>We propose that, in the context of the third energy package and of European practices, the ANRE to establish and coordinate the procedure for drafting and monitoring of the NAP and to forward it to the European Commission.</b></p> <p><b>The ANRE should define the vulnerable consumer.</b> The ANRE should be responsible for the definition (integrated, inclusive, clear and exhaustive) of the category of vulnerable consumers on the energy market), by proposing three types of remedies: financial (through the social welfare system or directly), non-financial (not disconnecting) and of energy efficiency (structural). It must also define clearly and comprehensively the categories of persons and situations that qualify (including exceptional situations). This should start from an analysis of the de facto state to identify those categories that are most affected. Vulnerability should be defined not only in an endogenous manner, explicitly identifying several categories of consumers who are vulnerable on the basis of personal characteristics, but also from exogenous perspective, taking into account the wider context of the consumer (behavioral, market, access, contextual, demographic factors). This would allow an approach of public policies with a complex character. The measures must be cover all these identified categories, in order to avoid situations such as the current one, when vulnerable consumers for income reasons are explicitly mentioned in the law, but the same law not provide any measure for their protection. Measures should be on the short term (financial and non-financial) and long-term (structural and information).</p>

	<p><b>The ANRE should coordinate the process of identifying vulnerable persons and centralize the data.</b> This should be a clear process allowing the exact knowledge of targeted persons, as they are defined in the norms. Depending on the type of measures concerned, the process of targeting and monitoring should be conducted on the entire institutional thread. In other countries (United Kingdom, France and others) providers report the number of people on the social tariff to the national regulatory authority. Moreover, it is recommended to better manage and monitor this category at company level in order to ensure that the beneficiaries of social tariffs are also entitled to receive them.</p> <p><b>The law must include the deadline for drafting and adopting the NAP.</b></p>
The law defines the vulnerable client as “the final client belonging to a category of household customers who, for reasons of age, health or low incomes, are at risk of social exclusion”.	Clarification of the concept of social marginalization, currently understood as the inability of a dwelling to heat properly (therefore difficulties with the payment of heating bills), to also cover situations of lack of access to electricity or difficulties in paying electrical energy bills.
Art. 64 mentions that “it is forbidden for vulnerable clients to disconnect from the power grid, including in crisis situations”. In reality, it cannot be operationalized, since electricity distributors do not receive a list of all vulnerable clients whom they don’t have permission to disconnect, and the secondary legislation fails to details what an energy crisis means.	Additions to the article so that the ANRE to adopt a procedure to define the situations in which it is forbidden to disconnect, and the Min. of Labor, respectively electrical energy providers to send periodically to all distributors, a list of vulnerable clients, currently of those benefiting from heating benefits, respectively the social electricity tariff, subsequently of all those defined as vulnerable according to the NAP.
Town halls are not required to declare in a centralized manner, to the structures of the ANPIS, additional heating benefits offered, from local budgets, so there is no national record of the support received by consumers.	<b>Amendment of the law regarding the Minimum Inclusion Income</b> , so that town halls to be obliged to forward in a centralized manner, to the territorial structures of ANPIS, the situation of housing supplements granted from local budgets, and the ANPIS is required to draft and publicly present a centralized statement of all benefits, whether granted from the central or local budget.

## For the ANRE

Current	Recommended change
Title I and Title II of the Law on Electrical Energy and Natural Gas differ with regard to those responsible for drawing up the National Plan of Action in energy poverty cases. For natural gas (Art. 102, letter n) is responsible the Ministry of Energy, and for electrical energy (Art. 6, letter r) is responsible the Ministry of Labour, in collaboration with the Ministry of Energy.	<b>Amendment of the Law 123/ 2012 in such a way as to make clear that there is a single National Plan of Action</b> in cases of energy poverty, the same energy for electricity and natural gas, which also defines what kind of clients cannot be disconnected in what circumstances and how the operators retrieve the costs, with one person in charge of its drafting - the ANRE, through the coordination of all the other institutions. To introduce a deadline for drafting and adopting the NAP.

<p>Regulations for the supply of electrical energy and natural gas currently does not define any means to protect vulnerable clients for reasons of income other than financial ones (in this case, the heating benefits managed by the Ministry of Labour).</p>	<p>In accordance with the European practice, <b>amending supplying regulations</b> so that for the clients who are vulnerable due to their incomes to make available non-financial benefits as well (e.g. prohibition to disconnect during the cold season, payment schedules, etc.).</p>
<p>The status of beneficiary of the social tariff is reviewed in practice almost never, the clients failing to fulfill their obligation to notify the provider in case of a change of incomes, and the providers having no obligation to request such an update.</p> <p>Although exceedings of installment 1 (first 60 kWh per month) occur frequently, even of installment 2 (the next 30 kWh per month), resulting an inclusion in a highly punitive tariff (installment 3), the provider has no obligation to notify the client upon repeated exceedance of the limit of kWh admitted for the social tariff and, therefore, no obligation to counsel him to opt for another tariff.</p>	<p><b>Updating the Order 38/2005, the procedure for granting the social tariff, in the sense of:</b></p> <ul style="list-style-type: none"> <li>- Eliminating the requirement of the city hall approving the income declaration</li> <li>- Introducing the obligation of the provider to notify the consumer of for three consecutive readings he/she exceeds the installment 1 of consumption or if at one reading he/she exceeds by more than 25% the installment 1 of consumption, that it would be better to switch to the normal monome tariff</li> <li>- Resizing consumption installments and prices for each installment so that they better correspond to the reality shown by the consumption data.</li> </ul> 

### For the Ministry of Labour

Current	Recommended change
<p>The regulations for providing electricity and natural gas, developed by the ANRE, mention that state institutions with attributions over the social policy part establish the criteria by which a household client may be included in the category of vulnerable clients for reasons of health or age, communicating the inclusion to providers of electricity, respectively gas. In fact, this article is not implemented.</p>	<p><b>The Ministry of labour to determine the criteria by which a household client may be included in the category of vulnerable clients</b> for reasons of health or age, procedure by which a citizen can acquire this inclusion and the manner by which it is made known to the provider of electricity or natural gas.</p>
<p>The vulnerable client requesting heating benefits for electrical energy must demonstrate that electricity is the only source of heating.</p>	<p><b>The current wording of the law has great potential for exclusion</b>, for example, consumers who cannot demonstrate this fact, but where quality of another form of heating (e.g., centralised heating) is so weak, that it must be supplemented with electrical energy. Additionally, energy poverty involves the aggregation of all energy sources and not the preference for one, regarding the calculation of indicators on incomes/expenses. Therefore, we suggest the removal of this requirement.</p>

## What next?

Building on the results presented in this document, for the later stages of the project we have the following objectives:

- Connecting at a conceptual level and of public policies the discussion about poverty, energy poverty and energy efficiency, placing Romania in the European context
- Performing field research in communities affected by energy poverty
- Building a statistical model that takes into account all the variables relating to the specifics of the household for the determination of the amount of necessary heat and the necessary expenses to ensure it, which would serve to a better sizing of the needs and for more accurate targeting of the benefits.
- The integration of all the findings in a series of public policy recommendations that lead to the proper identification of energy poverty and the suitable tools for the sustainable fight against the phenomenon.

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**ANNEX 1**  
**The definition of the vulnerable consumer in Romanian legislation**

<p><b>The law no. 123/2012 (the primary law on electrical energy and natural gas)</b></p>	<p><i>Vulnerable client - final customer belonging to the category of household customers who, for reasons of age, health or low incomes, is at risk of social exclusion and who, to prevent that risk, benefit from social protection measures, including those of financial nature. Social protection measures, as well as the eligibility criteria for these are established by normative acts.</i></p>
<p><b>The ANRE regulations (Regulations for providing electricity, respectively natural gas)</b></p>	<p><i>A household client is registered as a vulnerable client if he/she fulfills at least one of the following conditions:</i></p> <ul style="list-style-type: none"> <li><i>a) he/she has low incomes, established by state institutions with social protection attributions;</i></li> <li><i>b) At the place of consumption lives an elderly person with health problems who requires continuity of supplying the home with electricity or other special conditions relating to the provision service. At the place of consumption lives a person who, because of health/age reasons, requires conditions relating to the activity of supplying natural gas.</i></li> </ul> <p><i>The criteria for including a household client [in one of these categories] are established by state institutions with attributions in the field of social protection.</i></p>
<p><b>GEO 70/2011 (The current heating benefit system)</b></p>	<p><i>vulnerable consumer - single person/family who is unable to maintain the dwelling in adequate temperature conditions, namely temperature 21°C and whose incomes are placed within the thresholds provided [in the present GEO]</i></p>
<p><b>The law on VMI</b></p>	<p><i>vulnerable consumer - single person/family who is unable to ensure from their own budget the full coverage of expenses relating to heating the dwelling and whose incomes are placed within the thresholds provided by the present law;</i></p>

## ANNEX 2

### What novelties brings the law on the Minimum Inclusion Income?

Heating benefits will be replaced, starting with April 2018 with the so-called replacement supplement, a component of the Minimum Inclusion Income. The system will not operate in a fundamentally different manner from that which operates currently through heating benefits, in the sense that it is still depending on the net incomes per family member (together with a list of goods whose possession leads to exclusion), a person is entitled to benefit from the so-called habitation supplement.

	<b>The current system of heating benefits (GEO 70/2011 and implementing regulations)</b>	<b>The new VMI (the law 196/2016)</b>
<b>The definition of the vulnerable consumer</b>	<i>single person/family who is unable to maintain the dwelling in adequate temperature conditions, namely at 21°C and whose incomes are placed within the thresholds provided at art. 7 par. (1)</i>	<i>vulnerable consumer - single person/family who is unable to ensure from their own budget the full coverage of expenses relating to heating the dwelling and whose incomes are placed within the thresholds provided by the present law</i>
<b>The maximum average monthly income which allows the qualification</b>	RON 786/month/family member  RON 1082/month/single person	RON 600/month/family member. RON 300/month/each additional family member, adult or child. RON 800/month/single person
<b>Calculation of average monthly income-inclusions</b>	All the incomes of member, such as rights of state social insurance, unemployment insurance, alimony, indemnities, allowances and permanent benefits.	All non-taxable incomes, as well as those remaining after the application of the tax share, legal obligations in relation to the alimony of children/adults.
<b>Calculation of the average monthly income-exclusions.</b>	Social benefits (according to the law no. 416/2001), scholarships, social grants, support granted through the program „Bani de liceu” „money for high school”	The amounts received as social benefits, children’s allowances, state benefits for agricultural activities, grants intended to support children’s education, amounts received as a day laborer, amounts received as a result of participation in vocational training programmes, the amounts received on an occasional basis.  Amounts obtained from work contracts (or the equivalent), up to a maximum of RON 400/family member.

<p><b>Goods that lead to exclusion from receiving the benefit</b></p>	<p>Any other building or living space outside the residential home</p> <p>Any means of transport &gt; 1600 cmc</p> <p>Tractor, combine</p> <p>Oil press, grain mill</p> <p>Woodworking machines (e.g., log saw, chain saw, etc.)</p> <p>Bank deposits &gt; RON 3000</p> <p>Lands within built-up areas &gt; 1000 sqm in urban areas and 2000 sqm in rural areas</p> <p>Lands outside built-up areas larger than 1.5 ha, depending on the area of residence (plain, hill, mountain), and the number of members/family</p> <p>More than 3 cattle/5 pigs/20 sheep or goats/15 families of bees</p>	<p>The implementing regulations have not been developed yet.</p>
<p><b>Benefit amounts</b></p>	<p>Max. RON 240/month for electrical energy</p> <p>Max. RON 262/month for natural gas</p> <p>Max. RON 54/month for solid fuels</p>	<p>Max. RON 240/month for electrical energy</p> <p>Max. RON 260/month for natural gas</p> <p>Max. RON 80/month for solid fuels</p> <p>The reference value for centralized heating according to gigacalory value (determined at the level of the UAT) and the average consumption calculated depending on the type of housing (Annexes 1 and 2 to the GEO 70/2011)</p>

## ANNEX 3

### The map of relevant stakeholders in addressing energy poverty

#### **The ANRE**

**Main stake: manages social electricity tariffs and established non-financial facilities for vulnerable consumers**

Other roles:

- Social electricity tariffs
  - o Approves the values of social electricity tariffs
  - o Approves the maximum quantities that may be consumed in each of the three installments of the social tariff
  - o Develops the methodology for granting social tariffs (who is eligible, how to prove eligibility, when eligibility is lost, etc)
- Theft/loss of electricity
  - o Recognizes possible technological losses in tariffs, which include thefts/ illegal electricity consumption... Socializes the costs of energy poverty to all consumers. Recognition of a small proportion of losses in tariffs would push distributors to seek solutions for connecting for consumers who cannot connect due to legal/financial obstacles.
- Connecting unelectrified dwellings
  - o Approves the rules for connecting dwellings to electricity networks
  - o Drafts and modifies the methodology through which distributors evaluate the feasibility of an investment for extending the network
  - o Approves the tariffs of connection, including in the case of a dwelling disconnected for non-payment
- Benefits for vulnerable consumers
  - o Establishes the types of non-financial benefits for vulnerable clients, but not the criteria for the classification of consumers (on the grounds of health or age)
- The protection of consumers of electricity and natural gas
  - o Approves the methodologies for disconnecting in case of non-payment-which is the grace period, what minimum periods have to be met by notifications/disconnection interventions, the manner of communicating with the consumer, etc.
  - o Drafts and forwards to the Government for approval a procedure for recovery by operators of the costs associated to non-disconnection of vulnerable clients in critical situations, defined in accordance with the national plan of action in cases of energy poverty
  - o Monitors the benefits granted to vulnerable customers, of gas and electricity, and their number

#### **The Ministry of Labour**

**Main stake: Creates the rules for heating benefit/ the minimum inclusion income**

Other roles:

- Drafts the legislation for granting heating benefits (the criteria for qualification and disqualification, the procedure to be followed for requesting benefits, etc.)
- Ensures, from the state budget, the amounts necessary for granting heating benefits, transferring the necessary sums to the local authorities, which make the payments to providers or, where appropriate, consumers
- Determine the financial and non-financial criteria (of age or health) for including a consumer in the category of vulnerable consumers

- Drafts, in collaboration with the Ministry of Energy, the national action plan in cases of energy poverty, in the case of electrical energy

### **ANPIS (and territory structures)**

**Main stake: Settles claims for payment of social benefits**

Other roles:

- Manages in a centralized manner the databases with consumers benefiting from heating benefits
- Settles to providers the payment claims of benefits coming from providers certified by town halls
- Requests mayors to perform social investigations to verify the the veracity of the data declared by applicants for benefits
- Carry out investigations on the veracity of social investigations carried out by town halls
- Sanctiones town halls in case of failure to respect the legislation on benefits

### **Town halls**

**Main stake: Based on the requests of applicants, decides whether to grant them heating benefits**

Other roles:

- Examines the applicant's request for heating benefits and decide to grant the benefit
- Summarizes the situations of beneficiaries and sends them the providers, associations of owners and county structures of ANPIS
- Certifies to providers, with the purpose of paying by the county structures of ANPIS, the list of beneficiaries
- Can supplement the funds from the central budget granted to the beneficiaries of heating benefits, through funds from local budgets
- Pay directly the benefit to vulnerable consumers who use solid fuels (wood) for heating
- Carries out, at the request of ANPIS, social investigations to confirm the veracity of the data submitted by benefit applicants
- Notifies criminal investigation bodies if it is found that beneficiaries have received the benefits illegally

### **The Ministry of Energy**

**Main stake: Drafts the national action plan in cases of energy poverty**

Other roles:

- Collaborates with the Ministry of Labour for the composition of the national action plan in cases of energy poverty, in the case of electrical energy, respectively it will draft it alone, in the case of natural gas
- Drafts the national energy strategy, which includes a component relating to the vulnerable client
- According to the 2016 strategic map of the Ministry of Energy "defining the concept of vulnerable consumer in the EU context" was a priority

### **The Ministry of Economy**

**Main stake: Elaborates and manages national electrification programmes of unelectrified dwellings**

Other roles:

- National electrification programs are developed by the Ministry of Economy by Government decree. The last one approved covered the period 2007 - 2009, the Ministry promoting, but not adopting, in 2012, a new program of electrification

### **The Ministry of Development**

**Main stake: Elaborates the general framework of thermal rehabilitation programs**

Other roles:

- Elaborates the national housing policy, also including informal dwellings, unelectrified or illicitly electrified
- Elaborates legislative framework relating to the thermal rehabilitation of the housing blocks, and manages the national program for thermal rehabilitation.

### **Parliament of Romania**

**Main stake: Elaborates the primary legislation which governs the definition of the vulnerable consumer and the means of supporting him/her, usually following the proposal of or by closely collaborating with the government**

Other roles:

- Provides a general definition of the vulnerable consumer
- Establishes the governmental actors responsible for different aspects of protecting the vulnerable consumer
- Establishes the housing supplement (the substitute of the heating benefit starting with April 2018) from the minimum inclusion income (qualification thresholds, benefit amounts, ways of granting, etc.)

### **Electrical energy providers**

**Main stake: Upon the request of consumers who qualify in terms of revenue, they grant them a preferential, social tariff to electrical energy.**

Other roles:

- Inform consumers about the possibility of benefiting from the social electricity tariff
- Invoice the consumer benefiting from heating benefits based on electrical energy only the difference between the amount to which he/she is entitled, according to incomes, and the total bill. The amount represented by the benefit shall be recovered, on the basis of certification from town halls, by territory ANPIS agencies.
- For vulnerable consumers for reasons of age or health, they minimize planned disruptions and fix those planned with priority. Ensures an additional source if at the place of consumption lives a person whose life depends on a medical device powered by electricity.
- In the case of theft of electricity, with or without the existence of a contract, interrupt the illegal connection and report the case to criminal investigation bodies.

### **Natural gas and thermal energy providers**

**Main stake: They are involved in granting heating benefits, invoicing vulnerable consumers a smaller sum than the one due and recovering the rest from ANPIS, according to the sums approved by city halls for each consumer.**

Other roles:

- Providers of natural gas issue the invoice to vulnerable clients who benefit from heating benefits based on natural gas, during the winter, but only on a monthly basis and only on the basis of the actual reading. They may grant the same benefit to vulnerable clients for reasons of health or age, all year round, upon request.
- They ensure adequate access of vulnerable clients for reasons of health or age to the customer service center.
- Upon the request of vulnerable consumers for reasons of age or health, they communicate with them through a third party and they transmit all the communication materials, including bills, electronically, in a format compatible with most programs, written with a font of contrasting color in relation to the background.

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