Roundtable discussion on access to energy

Brussels, 8 January 2019

The Commission hosted a roundtable discussion with the European Federation of Energy Law Associations focusing on the issue of Access to energy.

Access to energy in the EU:

The participants converged that access to energy in the EU is a question of affordability and relates to the phenomenon of energy poverty and vulnerable consumers in the first place. It was highlighted that the European Union is a social market economy and solidarity should be a vector of unity.

The participants converged that electricity in particular is not like any other product, it is a product of first necessity, indispensable for modern life and social inclusion. A need was felt to strengthen the notion of "right to energy". Access to energy in the EU is indeed a matter of affordability, and access to different types of energy affects citizen's exposure to energy poverty, in particular for heating (for example, oil-based heating is typically more expensive than gas which requires dedicated infrastructure).

The proposals under the Clean Energy for All Europeans package[1] are an important step into this direction and will tackle the issues surrounding energy poverty from different angles:

- The Governance Regulation establishes the obligation for Member States to monitor energy poverty where it is significant and to outline existing and planned

[1] ADD OJ reference Governance, RED, EED; a political agreement between the co-legislators was reached also on the Electricity Directive, the Electricity Regulation, ACER Regulation and the Risk Preparedness Regulation

policies and measures that address energy efficiency, including social policy measures

- The Electricity Directive will complement this by providing the necessary alignment in the definitions for energy poverty and vulnerable consumers (without however harmonizing them at the EU level, leaving thus the flexibility to Member States to adapt them to their specific situations)
- The updated Energy Efficiency and Energy Performance of Buildings Directives will tackle energy poverty at the roots. Among others, they provide an obligation to prioritize energy efficiency investments in social housing and to establish long-term plans.

Furthermore, the enabling initiatives that accompanied the legislative proposals will also contribute:

- The Coal and carbon-intensive regions initiative will assist regions to modernize their economy and to offer new activities for the workers, so that no region and no citizen is left behind in the energy transition.
- The Clean energy for EU islands initiative will help islands to develop and at the same time reduce air pollution and also their energy bill and import dependency by progressively replacing costly and polluting fossil fuels by renewables.
- The Energy Poverty Observatory will monitor the situation and evolution of energy poverty in the EU.
- The Smart Finance for Smart Buildings initiative, together with the European Fund for Strategic Investments, will further facilitate financing for energy efficiency improvements in buildings.

It was also noted that citizens' perception should be improved through better communication on what the EU is doing in this field.

Initial reactions from EFELA pointed out the low energy efficiency of buildings, impact of the 2008 financial/economic crisis as problem drivers and the limits to what consumer protection policies can achieve in energy poverty alleviation. Competitive markets and consumer protection should co-exist and the energy poor have a choice of energy services like others.

EFELA participants were invited to send written contributions on what the EU could or should do to improve the social dimension of energy, including through fiscal tools. Contributions should also address how the "democratization", the wider participation of citizens in the energy field could be facilitated.

Access to energy in Africa:

Around 600 million people in Africa have no proper access to energy. The situation is even more dramatic in the case of access to clean cooking. While progress towards achievement of SDG7 is notable, it is offset by demographic growth.

The participants highlighted the three different levels of contribution by external actors: large installations and wide-ranging networks (issue of public debt); medium size power plants (EU companies positioned as IPP) and development of small, isolated networks/ micro-grids (support to local companies). Renewable energy generation, as well as existing gas resources should be developed. So far, grid extension was the dominant approach, however all three models of electrification – grid extension, mini-grid, and standalone solutions – should be combined to improve access to energy. Participants pointed to existing success stories in relation micro-grids.

The discussion pointed to the important need for a stable investment framework in Africa and to the development of appropriate regulatory apparatus including through

training of national authorities. Participants recognized the role that European Regulators, the Florence School of Regulation and EFELA could play, while acknowledging the need to differentiate the frame, according to the different contexts.
It became also clear in the discussion that, for some African countries, the challenges related much more to implementation and enforcement than to the existence of a legal framework, pointing to the need to reinforce the legal institutions. At the same time, appropriate risk coverage instruments are needed to shield investors from certain political risks. A lively debate explored the effects of grants – which in some cases hampered long-term investment instead of incentivizing it – compared to risk-mitigating instruments. The EU, through the External Investment Plan, is already developing tools for de-risking investments, capacity building and improved investment environment. However, challenges remain with mobilization of local currency investments and with assistance to local start-ups and SMEs to adopt new technologies and develop specific projects. Participants welcomed de-risking tools that would target EU companies (e.g. protection against poor credit worthiness of power off-takers) and invited the EU to focus on investment protection in trade treaties.
Looking at the wider global context, China is currently the biggest investors in the energy sector in Africa. The USA are developing Energy Compacts with various African countries. The clear added value of the EU strategies towards Africa was recognized, while pointing to a strategy approach looking at the universal satisfaction of basic requirements for life and, beyond that, at appropriate development policies. The political message needs to be carefully tuned.
The debate concluded with a mandate for EFELA to explore the following avenues as regards Africa:

- Identifying regulatory principles from the EU and how they could best be used in the design of African regulation
- Identifying a number of countries to focus on
- Identifying solutions and recommendation for de-risking investments
- To propose ideas to better communicate on the EU's approach

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