



To:
Konrad Mizzi, Maltese Minister for Energy,
President of the EU Energy Council
Maros Sefcovic, Commission Vice-President for Energy Union
MEP Kathleen Van Brempt, S&D Vice-President
MEP Martina Werner, S&D Shadow Rapporteur on Revised Electricity Directive

Warning about Commission proposal to phase-out social electricity tariffs

Dear friends,

Providing the Energy Union with a social dimension is one of the top priorities for us socialists and social democrats: The Energy Union has to serve the citizens; it must deliver energy that is clean, safe and affordable for all Europeans. This is essential for full participation in our modern societies.

And building a more social Energy Union is indeed necessary: One in ten Europeans – 50 million people – live in energy poverty. They cannot afford to properly heat their homes in winter.

Last year, the socialist and social democratic energy ministers in their declaration “Towards a social Energy Union: Tackling energy poverty in Europe”, and the S&D Group in the European Parliament with their 2016 manifesto “Fighting Energy Poverty”, made concrete proposals to address the structural causes of energy poverty, such as helping energy-poor households to be more energy efficient, rules for easier switching of energy providers, and to empower energy consumers to take control of their energy bills through improved information and consumer rights.

We are glad to see that many of these proposals are also to be found in the “Clean Energy Package” presented by Commission Vice-President Maros Sefcovic in November 2016. Under the lead of Maros Sefcovic, the European Commission has clearly acknowledged that energy poverty is a big social challenge that needs to be tackled also at European level.

But we are concerned about one proposal in the Clean Energy Package, namely the proposal to phase-out the use of regulated electricity prices for vulnerable and energy poor consumers as proposed in the revised Electricity Directive – a practice that is still in place in more than half of the EU’s member states. According to this proposal, regulated electricity prices for energy poor and vulnerable consumers shall be phased-out within five years and derogations shall only be possible if it is strictly necessary for reasons of extreme urgency and under scrutiny by the European Commission.

Tackling the root causes of energy poverty should be on top of our social energy agenda, but:

- Measures to tackle the root causes of energy poverty need time to be rolled-out and to bring benefits to people in need

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- Due to socio-demographic or behavioural characteristics, or their personal situation, some consumers are vulnerable to not being able to protect their interests in a liberalised energy market
- The lowest-income households in the EU saw an increase of 50% in their spending on energy over the last ten years, with energy now representing 9% of their total expenditure

In these cases, capping energy prices can bring immediate and tangible relief for the lowest-income households and vulnerable consumers.

That is why we are convinced that public authorities should retain the ability to cap prices in a targeted manner for vulnerable and energy-poor consumers, as one instrument to keep energy prices down in a fast and effective way for those in need.

As President of the Energy Council, as S&D Vice-President for sustainable development and as shadow rapporteur on the revised Electricity Directive, respectively, you are in crucial positions to shape the social dimension of the Energy Union. Amongst a diversity of positions on this issue you will have to find viable and sometimes difficult compromises. With this letter, we want to underline the importance of social electricity tariffs and remain at your disposal to support you in any way we can.

We are looking forward to the cooperation with you.

With kind regards,

Sergei Stanishev
President
Party of European Socialists

Jorge Seguro Sanches
Secretary of State for Energy
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Chairman of the PES Energy Ministers' Network

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