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Impact of Energy Poverty on the National Economy of Albania

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1 Summary

In continuing efforts to combat Energy Poverty and create lasting positive changes in the country, Milieukontakt Albania together with Albanian Consumer Centre prepared a study on ***Impact of Energy Poverty on the National Economy of Albania,*** aiming to understand the costs and impact on the government's general budget if clients in need are included in specific categories and therefore, access support.

The main aim is so have continuously relevant and accurate set of evidence that can be used during our advocacy activities.

For 2019, regardless of income, 27% of households encountered issues with unpaid utility bills. 37% of all households' experience challenges in maintaining adequate warmth at home. 71% of single female-headed households encountered the most significant challenges in maintaining adequate warmth their homes; 54% of households with incomes below 60% of the median equivalized income experienced difficulties in keeping their homes warm. 30% of all households' report facing issues with roof leaks.

The lack of the secondary legislation, the economic crises and the Pandemic period have put in difficulties the consumers with low incomes.

Financial interventions are budgeted every year but not specifically on energy poverty but rather on schemes that relate to social welfare. In 2021 only 80.2% of individuals eligible for support (622.705 individuals), took benefit of the support.

Albania National Energy and Climate Plan (NECP) of July 2021 sets an objective of defining energy poverty, establishing a national system for systematically monitoring energy poverty and recommending measures to eradicate energy poverty.

However, The Albanian NECP recognizes that "there are no specific policies to address the energy poverty. The only instruments being applied consist of compensation schemes in form of cash benefits being applied for the households in need".

Additionally, the gender dimension is not tackled (gender neutral/gender blind). Efforts continue to be needed to ensure that all Albanian national strategies at the central and local levels are gender mainstreamed and supported by gender responsive budgeting.

2 Introduction

Energy is a key factor on life's quality. National and international factors have their effects on access to energy. The pandemic crise, the war between Ukraine and Russia, but also the weather factors have impacted the national economies.

Energy poverty is a complex issue that affects many people around the world. According to the World Economic Forum, energy poverty is defined as the lack of access to sustainable modern energy services and products. This can include a lack of access to electricity, clean cooking facilities, and other basic energy needs. Energy poverty can be found in all conditions where there is a lack of adequate, affordable, reliable, quality, safe and environmentally sound energy services to support development.

European Commission in "EU GUIDANCE ON ENERGY POVERTY" states that "energy poverty means a situation in which a household cannot afford the essential energy services

required for a decent standard of living, efforts to capture affordability are particularly important in assessing its extent[1]".

Energy poverty can have significant impacts on people's lives and can perpetuate poverty. For example, insufficient energy can translate into the impossibility to develop agriculture and manufacturing, thus keeping the poorest countries trapped in a vicious circle: they cannot afford the energy that can drive them out of poverty. Energy poverty can also contribute to malnourishment, unhealthy living conditions, and limited access to education and employment.

Electricity poverty is a more specific issue that refers to the lack of access to electricity. According to the International Energy Agency's World Energy Outlook 2018, there are currently 1 billion people in the world – 13% of the total population – with no access to electricity, mostly in Africa and South Asia.

The United Nations has set a goal of achieving universal energy access by 2030 as part of its Agenda for Sustainable Development. While progress has been made in some regions, such as East Asia and Latin America, much work remains to be done to achieve this goal.

Energy poverty is a complex issue that affects many people around the world. It refers to the lack of access to modern energy services, including electricity, clean cooking facilities, and other basic energy needs. Electricity poverty is a more specific issue that refers to the lack of access to electricity. Both issues are important and require attention and action to address.

Even though, Albania is a small state with lots of hydric and natural sources, the energy supply is still a problem nowadays. During 2021-2022, the government has taken different measures in order not to switch off the power, to guarantee the energy supply. Albanian Government has taken continuously from 2021 – 2022 some decisions on the state of electricity supply emergency, postponing this period till July, 30th 2023[2]. After the first decision, Energy Regulatory Entity took the decision on raising the price of energy, especially of consumers and small business. Through months, the government has not only extended the state of electricity supply emergency, but also has "ordered" Energy Regulatory Entity to postpone the effects of this decisions. The pandemic has raised significant challenges affecting the daily lives of consumers, in particular in relation to the availability and accessibility of products and services, not only health problems, but also other economic problems. Lots of families faced up the problem to access to energy continuously. Due to the economic inability to pay the energy bills, these consumers have no electricity on their homes, because the Electricity Supply Operator cut off the energy. Other consumers and families do not own a house, in accordance with law provisions, so they do not have the right to access to energy.

The combined effect of increasing energy tariffs and decreasing incomes means that individuals, households and communities are facing an elevated risk of falling into energy poverty – a situation that can be understood as the inability to access materially- and

[1] Commission Staff Working Document EU GUIDANCE ON ENERGY POVERTY. Accompanying the document Commission Recommendation on energy poverty {C(2020) 9600 final}

[2] Decision of Council of Ministers no. 650, dated 10.10.2022, availabale at: https://www.ere.gov.al/images/files/2022/10/13/KESHILLI_MINISTRAVE_NR.1804_V2022.pdf

socially-necessitated energy services in the home[3].

Overall, there is widespread agreement that the key contributing factor to the emergence of energy poverty in developed countries is the combination of high energy prices, low household incomes, and poor residential energy efficiency. However, there are emergent arguments that energy policies should not be reduced only to distributional issues (such as energy prices, expenditure, consumption, income and affordability), since broader spatial, social and institutional factors also influence a household's inability to access adequate energy services in the home[4].

3 The right to access to energy

The Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights has listed as one of the most important rights, the right to adequate housing. According to the United Nations Committee on Economic, Social and Cultural Rights, the right adequate housing must, at a minimum, meet the following criteria security of tenure, availability of services, affordability, habitability, accessibility, location, cultural adequacy[5].

Some of these criteria are directly related to energy supply, such as: the access to have safe drinking water, adequate sanitation, energy for cooking, heating, lighting, food storage or refuse disposal; protection against the cold, damp, heat, rain, wind, other threats to health and structural hazards. Housing is not adequate if the specific needs of disadvantaged and marginalized groups are not taken into account[6].

The right to access to energy supply is directly related to exercising other rights, human rights, considering it as a human right too. The importance of this right obliges the states to take all the measures for its citizens to enjoy and exercise it freely, without limitations and restrictions. The access to clean and affordable energy is the 7th Sustainable Development Goal. It is a key factor to the development of education, healthcare, communication etc. Transforming our world: the 2030 Agenda for Sustainable Development, Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all provides that[7]:

Indicator 7.1 By 2030, ensure universal access to affordable, reliable and modern energy

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[3] Bouzarovski, Stefan. 2013. "Energy Poverty in the European Union: Landscapes of Vulnerability." Wiley Interdisciplinary Reviews: Energy and Environment. doi:10.1002/wene.89. http://onlinelibrary.wiley.com/doi/10.1002/wene.89/abstract.

[4]Bouzarovski, Stefan "Social justice and climate change: Addressing energy poverty at the European", https://www.socialplatform.org/wp-content/uploads/2014/01/Article_energy-poverty_Bouzarovski.pdf

[5] https://www.ohchr.org/en/special-procedures/sr-housing/human-right-adequate-housing#:~:text=The%20right%20to%20adequate%20housing%20contains%20freedoms.&text=Protection%20against%20forced%20evictions%20and,home%2C%20privacy%20and%20family%3B%20and

[6] Based on these provisions, Commissioner against Discrimation has taken some decisions, such as: Decision nr. 92, dated 05.04.2018, Decision no. 97, dated 05.04.2018 For further decisions have a look at: https://www.kmd.al/vendime-te-komisionerit-2018-2/

[7] Full text available at: https://documents-dds-ny.un.org/doc/UNDOC/GEN/N15/291/89/PDF/N1529189.pdf?OpenElement

services

Indicator 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Indicator 7.3 By 2030, double the global rate of improvement in energy efficiency

Indicator 7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

Indicator 7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support.

From the Universal Declaration of Human Rights to SDG, the access to energy is still a problem and impacts the life of consumers.

The economic poverty leads to energy poverty and vice versa, but this is not the only factor that produces energy poverty.

Within European Union, everyone has the **right to have the home connected to the local electricity network** and be supplied with electricity**.** The Directive 2009/72/EC "Concerning common rules for the internal market in electricity"[8] provides in paragraph (4) of its preamble that: "However, at present, there are obstacles to the sale of electricity on equal terms and without discrimination or disadvantages in the Community. In particular, non-discriminatory network access and an equally effective level of regulatory supervision in each Member State do not yet exist." So, at that time, EU institutions confirmed the lack of equal access to all consumers within Member States. Also, it underlines the necessity for further measures, in order to ensure transparent and non-discriminatory tariffs for access to networks. The spirit of this Directive was to guarantee the energy supply to all customers and consumers, access to it, non-discriminatory tariffs, reasonable prices, access to objective and transparent consumption data, the right to be properly informed about their energy consumption. Directive 2009/73/EC "Concerning common rules for the internal market in natural gas"[9], paragraph 50 of its preamble had confirmed: "Energy poverty is a growing problem in the Community. Member States which are affected and which have not yet done so should, therefore, develop national action plans or other appropriate frameworks to tackle energy poverty, aiming at decreasing the number of people suffering such situation. In any event, Member States should ensure the necessary energy supply for vulnerable customers"[10].

Energy poverty has traditionally been seen as "fuel poverty" in the UK and Ireland, where it is possible to observe a relatively well-established tradition of state policy, as well as a broader scientific debate over the causes, components, symptoms and consequences of

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[8] Full text is available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0072

[9] Full text is available at: https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0094:0136:en:PDF

[10] Actually this Directive is in process of amending. The new one has a special focus on vulnerable costumers. https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/729303/EPRS_BRI(2022)729303_EN.pdf

the phenomenon. More recently, France has formulated a definition of “energy precariousness” based on a household spending more than 10 per cent of its income to meet energy needs; Slovakia is also said to possess an official definition[11].

Energy poverty is commonly defined as the inability to secure adequate levels of energy services in the home[12]. This definition has three interlinked elements that need further explanation[13].

First, secure means that there may be multiple reasons why a household cannot attain the energy it needs. This may involve not being able to pay for the required energy (energy affordability) or lacking the necessary supply infrastructure (energy access).

Second, the adequate level of domestic energy involves both a material and social minimum. The material minimum is a level of domestic energy services below which living in a home is unhealthy, as cited in most academic papers on the subject, which generally accepted as a temperature of 21°C in occupied rooms, and 18 °C in bedrooms.

Third, energy services delivered to home are benefits contributing to human wellbeing[14]. Energy services include activities such as heat and cooling of living spaces, water heating, lighting, and powering of appliances.

The Directive 2019/944/EU[15] of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU, paragraph (59) of its preamble provides that: “Energy services are fundamental to safeguarding the well-being of the Union citizens. Adequate warmth, cooling and lighting, and energy to power appliances are essential services to guarantee a decent standard of living and citizens' health. Furthermore, access to those energy services enables Union citizens to fulfil their potential and enhances social inclusion. Energy poor households are unable to afford those energy services due to a combination of low income, high expenditure on energy and poor energy efficiency of their homes. Member States should collect the right information to monitor the number of households in energy poverty. Accurate measurement should assist Member States in identifying households that are affected by energy poverty in order to provide targeted support. The Commission should actively support the implementation of the provisions of this Directive on energy poverty by facilitating the sharing of good practices between Member States”. Following up the spirit and the obligations of the repealed Directive 2009/72/EU, the new Directive obliges the Member States to decrease the number of energy poor costumer, if they are affected

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[11]Bouzarovski, Stefan “Social justice and climate change: Addressing energy poverty at the European”, https://www.socialplatform.org/wp-content/uploads/2014/01/Article_energy-poverty_Bouzarovski.pdf

[12] Study on Addressing Energy Poverty in the Energy Community Contracting Parties DOOR, EIHP Dec 2021

[13] H. Thomson and S. Bouzarovski, “Addressing Energy Poverty in the European Union: State of Play and Action,” EU Energy Poverty Observatory, Aug. 07, 2018. https://akaryonepah.com/publication/addressing-energy-poverty-european-union-state-play-and-action

[14] M. J. Fell, “Energy services: A conceptual review,” Energy Res. Soc. Sci., vol. 27, pp. 129–140, May 2017

[15] The Directive 2009/72/EU in paragraph (53) of its preamble that: “Energy poverty is a growing problem in the Community. Member States which are affected and which have not yet done so should therefore develop national action plans or other appropriate frameworks to tackle energy poverty, aiming at decreasing the number of people suffering such situation. In any event, Member States should ensure the necessary energy supply for vulnerable customers. In doing so, an integrated approach, such as in the framework of social policy, could be used and measures could include social policies or energy efficiency improvements for housing. At the very least, this Directive should allow national policies in favour of vulnerable customers.”

by energy poverty and have not developed national action plans or other appropriate frameworks to tackle energy poverty. It underlines those factors as: low income, high expenditure on energy, or poor energy efficiency of homes are relevant in establishing criteria for the measurement of energy poverty. All the national policies and documents adopted by Member States should be in favour of vulnerable and energy poor customers. They should take the necessary measures to protect vulnerable and energy poor customers in the context of the internal market for electricity. Such measures may differ according to the particular circumstances in the Member States in question and may include social or energy policy measures relating to the payment of electricity bills, to investment in the energy efficiency of residential buildings, or to consumer protection such as disconnection safeguards.

So, the right to access to energy is provided as a positive right, where the state shall interfere directly through policies and measures, in order for citizens to exercise this right.

Under Chapter III "Consumer empowerment and protection", the Directive 2019/944/EU lists the consumer rights under the energy supply contract, the right to adequate information, the non-discriminatory principle related to supply, fee or costs, the right to conclude an aggregation contract, to be organized and participate in citizen energy communities, access to data, right to out-of-court dispute settlement etc. The Directive provides to specific articles, article 28 "Vulnerable customers" and Article 29 "Energy poverty". Both articles underline the obligation of Member States to define the concept of vulnerable costumers and energy poverty, in order to guarantee the prohibition of disconnection of electricity to such customers in critical times. Based on these provisions, Member States shall take appropriate measures to protect consumers, especially vulnerable ones and customers in remote areas. They shall establish and publish a set of criteria, which may include low income, high expenditure of disposable income on energy and poor energy efficiency.

The Directive states that the Commission's review shall, in particular, assess whether customers, especially those who are vulnerable or in energy poverty, are adequately protected under this Directive. So, the Commission is the responsible institution to control the effectiveness of this act.

New Consumer Agenda 2020 - 2025[16] has underlined that affordability is crucial to ensuring access to products and services for low-income consumers. Some Member States use consumer protection measures alongside social protection measures to target low-income people. The Commission Recommendation on Energy Poverty provides Member States with guidance on ways to address energy poverty, in order to empower vulnerable energy consumers.

It is still a challenge within EU on defining the energy poverty, as e moveable and changeable concept. Besides that, EU targets Member States on defining it, to define the boundaries, to support vulnerable consumers and to promote energy efficiency.

Definitions of energy poverty on the basis of actual energy burdens leaves out the households who have low energy burdens but are still poor because, possibly, they prioritize 'eating' over 'heating'. Energy poverty is not necessarily about reducing energy

[16] Full text is available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0696

consumption, or the energy bill. It is about enabling households to have decent energy services in the home.

- This means that the amount that some energy poor households can pay for energy needs to increase. As will be argued in the next few paragraphs, income support is the best way to do this; - In order for all energy-poor households to need to spend less on energy, it is indeed best to give them opportunities to reduce the energy bill, i.e. get better energy services at a reduced price via improved energy efficiency;

- There is a third group of energy-poor households: those who have disproportionately high energy needs due to their demographic make-up (having small children, teenagers, pensioners, or unemployed individuals in the home); who are trapped in particular housing, heating or property tenure arrangements that do not allow for energy efficiency investment or fuel switching; and who are unable to access energy poverty amelioration support for various socio-cultural reasons. As discussed below, they need more systematic support through information campaigns and area-based retrofitting schemes[17].

4 National legislation on the right to access to energy.

Law no. 22/2018 “On Social Housing”[18] provides in the article 4 “The principle of adequate housing” according to which the adequate housing should provide access to public services, such as the supply of drinking water and energy, removal of polluted water and waste management etc. Based on the principle of non-discrimination, the right to adequate housing shall be guarantee to everyone with prejudge and discrimination.

Law no. 43/2015 “On energy sector”[19], as amended, aims to guarantee a stable and safe supply of energy to customers, through the creation of a functional and competitive electricity market, taking into consideration the interests of customers, the safety and quality of the electricity supply service and requirements for environmental protection. The law defines the concept of "Customer in need" as a family customer who, due to his social status, enjoys some special rights related to the supply of electricity, provided in exceptional cases, according to the provisions of this law. Also, it is defined that "Universal supply service" is a public service for the supply of end customers, which ensures their right to be supplied with electricity of a certain quality, within the entire territory of the Republic of Albania, at regulated prices, easily and clearly comparable, transparent and non-discriminatory. So, the law follows the provision of EU Directive, on the quality, quantity of energy supply and the principles on which it is based the functioning of the targeted market. The Energy Regulatory Entity has the obligation of guaranteeing standards in fulfilling the public service obligation in the supply of electricity, protecting customers in need and ensuring compliance during the data exchange process, related to the change of supplier. The law obliges the universal supplier to supply customers in need,

[17] Bouzarovski, Stefan “Social justice and climate change: Addressing energy poverty at the European”, https://www.socialplatform.org/wp-content/uploads/2014/01/Article_energy-poverty_Bouzarovski.pdf

[18] Full text is available at: https://financa.gov.al/wp-content/uploads/2018/12/ligj-nr.-22-dt.-3.5.2018.pdf. Actually, the law is in the process of amending in the Parliament.

[19] The law is fully harmonized with the Directive 2009/72/CE. Nowadays, this directive is repealed, so the Albanian State has to amend the law in accordance with the new Directive 2019/944/EU.

respecting the conditions defined in Article 96. Costumer in need is a concept that is ruled in the articles 95 and 96 of this law.

The ministry responsible for social issues, in cooperation with the ministry responsible for energy, the Ministry of Finance, and in consultation with ERE and interest groups, draws up the criteria, procedures for benefiting from the status of the client in need and the way of their treatment, which are approved by decision of the Council of Ministers.

Nowadays, the Council of Ministers has not adopted this decision yet, besides the recommendations of different independent bodies and civil society in Albania[20]. The law has listed some criteria's on having the status of costumer in need, the main one is lower incomes. Based on these provisions, the Decision of Council of Ministers could give the right to these provisions to costumers in need.

The Decision of Board of Energy Regulatory Entity no. 246, dated 11.12.2018 "Regulation on specific conditions for interruption of electricity supply to customers in need"[21] aims to define and provide clear rules for the interruption of electricity supply by the Supplier to Customers in Need in accordance with the conditions and procedures defined in the Law on the Electricity Sector and in this regulation, as well as to ensure the treatment equal and non-discriminatory towards all clients in need, respecting the rights and obligations arising from their status. So, from the hierarchy of acts, this regulation is under the Decision of Council of Ministers and the regulatory body has gone further its competences. The lack of sub laws has put in discriminatory situation these consumers, due to the lack of energy supply. Also, according to the mentioned acts, the register of clients in need is changeable and has to provide the entrance and exit from this register.

Law no. 121/2016 "On social care services in the Republic of Albania" aims to determine the rules for the provision and provision of social care services, which help in the well-being and social inclusion of individuals and families who need social care. This law also underlines the right to access to services to everyone. The right to temporary housing is one of the services listed in this law. Article 25 provides: "1. Beneficiaries of social care services benefit from public services, such as education and health. Their expenses are covered by the State Budget. 2. Beneficiaries of social services, defined in point 1, of this article, are included in the category of economically inactive persons, in terms of the mandatory health care insurance scheme. The contribution to the compulsory health insurance fund for these categories is paid by the State Budget." So, this law uses the term "economically inactive persons" referring to client in need, according to the law "On energy sector". This law is clear when defining the responsible institutions responsible for guarantying social care services. According to the article 26, municipality provides and administers social care services within its territory: a) identifying the needs; b) assessing the needs based on the vulnerability map; c) drafting the local social plan; ç) programming local budgets; d) planning the basic basket of social services; dh) contracting the provision of social care services through procurement procedures, according to the legislation in force on public procurement; e) coordinating with the State Social Service the necessary

[20] Have a look at the study prepared by Commissioner against Discrimination: https://www.kmd.al/wp-content/uploads/2021/06/Raporti-klienteve-ne-nevoje.pdf

[21] Full text is available at: http://www.ere.gov.al/doc/Rregullorja_per_kriteret_e__nderprerjes_te_Klienteve_ne_Nevoje_per_QPZ_-_final.pdf

social care services. The local government is the government near the citizens and this is the reason that the law has provided lots of competences, from identifying the needs to local budget planning.

Albania Progress Report 2022 states that: “Albania is moderately prepared in this area (related to Chapter 15 – Energy)”. There is no commitment on energy poverty and energy efficiency has not met its targets in terms of 6.8% energy saving by 2021 and the Energy Efficiency Agency is still not fully operational.

The lack of the secondary legislation, the economic crises and the Pandemic period have put in difficulties the consumers with low incomes.

As part of their obligation to assess energy poverty in the National Energy and Climate Plans (NECP), several EU countries have integrated targeted measures in their national strategies and are developing their own definitions, measurement and monitoring methods and solutions to tackle energy poverty. Albania National Energy and Climate Plan (July 2021) sets an objective of defining energy poverty, establishing a national system for systematically monitoring energy poverty and recommending measures to eradicate energy poverty.

However, The Albanian NECP recognizes that “there are no specific policies to address the energy poverty. The only instruments being applied consist of compensation schemes in form of cash benefits being applied for the households in need”.

One of the measures addresses Energy Poverty in with the title “Eradicating Energy Poverty”, without a defined timeframe and with the Main objective “to adapt the definition of energy poverty according to the findings of the EnCS study published in December 2021, to establish a national system for systematically monitoring it and to implement measures to eradicate energy poverty by 2035.”

Unfortunately, none of the results set for 2023 are on track to be developed. No Action Plan has been published so far.

Additionally, the gender dimension is not tackled (gender neutral/gender blind). Efforts continue to be needed to ensure that all Albanian national strategies at the central and local levels are gender mainstreamed and supported by gender responsive budgeting[22].

Actually, the Ministry of Finance and Economy has drafted the New Intersectoral Strategy on Consumer Protection and Market Surveillance 2023-2030. This document has a special focus on consumers, their right to energy supply, the contract of energy supply, alternative dispute resolutions. There is a special focus in client in need, consumer rights and consumer awareness.

5 Energy poverty

Right to access to energy without discrimination is listed as a basic right, as a human right. Besides that, both in developed countries and developing countries, the states’ efforts have not been enough to minimize totally or eliminate the energy poverty. Due to economic,

[22] European Commission, 2021c

political and social reasons, there is no single definition on energy poverty. Each country has its own definition or provides the criteria, when there is energy poverty[23].

However, it is commonly defined ***as the inability to secure adequate levels of energy services at home.*** This definition has three interlinked elements: *secure* means that there may be multiple reasons why a household cannot attain the energy it needs, the ***adequate level of domestic energy*** involves both a material and social minimum and ***energy services delivered to home*** are benefits contributing to human wellbeing[24].

EU legislation links energy poverty with vulnerable consumers with low incomes. The Commission recommendation is that Member States need to develop a working definition of the concept of energy poverty and make it publicly available to quantify households in energy poverty according to transparent criteria[25]. Due to differences regarding market situations, energy costs, average income levels and income distributions, the share of population at risk of poverty, social exclusion, the energy performance of the building stock, diversity in the policy measures, European Commission has provided to the Member States the right to define energy poverty. However, the Electricity Directive and Regulation (EU)2018/1999 on the Governance of the Energy Union and Climate Action contain clear indications that 'energy poverty' means a situation in which a household cannot afford the essential energy services necessary for a decent standard of living[26]. EU legislator has made an indicative, not exhaustive list of indicators as key drivers for, underlining the right to each Member State to define in at national level, considering both social, economic and cultural factors. As a multidimensional concept, according to the Recommendation of the Commission, each Member State is encouraged to use the national data available to develop further indicators, especially to develop a gender-based concept of energy poverty.

Indicators fall into four groups:

(a) indicators comparing energy expenditure and income: these quantify energy poverty by looking at the energy expenditure of households in relation to an income measure (e.g. number of households spending more than a given share of their income on domestic energy services)

(b) indicators based on self-assessment: these assess energy poverty by asking households directly to what extent they feel able to afford energy (e.g. ability to keep home adequately warm in winter and cool in summer)

(c) indicators based on direct measurement: these measure physical variables to determine the adequacy of energy services (e.g. room temperature)

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[23] Cyprus is one of the first countries in the European Union to have official definitions for vulnerable consumers and energy poverty. The definition of vulnerable consumers includes large households with children, households on social benefits, and persons with certain disabilities and illnesses. These vulnerable households are eligible to receive a reduced electricity tariff. https://energy-poverty.ec.europa.eu/system/files/2021-09/EPOV%20member%20states%20report%20on%20energey%20poverty%202019.pdf

[24] Report on Energy Poverty Assessment and Support Mechanisms in the Republic of Moldova.

[25] Commission Staff Working Document EU GUIDANCE ON ENERGY POVERTY. Accompanying the document Commission Recommendation on energy poverty {C(2020) 9600 final}

[26] Ibid.

(d) indirect indicators: these are designed to measure energy poverty situation through related factors, such as arrears on utility bills, number of disconnections, and housing quality[27].

From another source, energy poverty is a reality in the European Union (EU), where many households struggle to heat or cool their homes or to pay their energy bills on time[28]. In order to be aware on energy poverty, governments shall tackle it. As this concept is variable, the process should involve both local and central government. Most of EU acquis recommends to Member States to gather data, analyze and compare them related to energy poverty[29].

Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 "On the governance of the energy union and climate action"[30] provides in the paragraph (26) of its preamble that. "In their integrated national energy and climate plans, Member States should assess the number of households in energy poverty, taking into account the necessary domestic energy services needed to guarantee basic standards of living in the relevant national context, existing social policy and other relevant policies, as well as Commission indicative guidance on relevant indicators, including geographical dispersion, that are based on a common approach for energy poverty. In the event that a Member State finds that it has a significant number of households in energy poverty, it should include in its plan a national indicative objective to reduce energy poverty." This Regulation aims to put before the responsibility all the states in order to assess the number of households in energy poverty and to adopt national plans that aim to reduce the energy poverty. According to the article 24: "Where the second subparagraph of point (d) of Article 3(3) applies, the Member State concerned shall include in its integrated national energy and climate progress report: (a) information on progress towards the national indicative objective to reduce the number of households in energy poverty; and (b) quantitative information on the number of households in energy poverty, and, where available, information on policies and measures addressing energy poverty."

Energy poverty is not defined or mentioned in the Albanian Law. The Law refers to "Costumer in need" as a costumer who have some specific rights related to energy supply, due to social status.

The category of persons who according to the provisions of Law no. 43/2015 "On the Electricity Sector" could be beneficiaries of the status of "customer in need" have been placed in non- favourable in accordance with the provisions of this law itself; denying them the opportunity to benefit from electricity supply in certain periods during which they enjoy the status of the customer in need or in cases where the customer has submitted and is in

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[27] Commission Staff Working Document EU GUIDANCE ON ENERGY POVERTY. Accompanying the document Commission Recommendation on energy poverty {C(2020) 9600 final}

[28] https://energy-poverty.ec.europa.eu/system/files/2022-06/EPAH%20handbook_introduction.pdf

[29] Commission Staff Working Document EU GUIDANCE ON ENERGY POVERTY. Accompanying the document Commission Recommendation on energy poverty {C(2020) 9600 final} states that: "The fact that the new legislative framework provides no harmonised definition of energy poverty shows that it acknowledges the diversity of situations in the Member States. There is great diversity among EU countries as regards market situations, energy costs, average income levels and income distributions, the share of population at risk of poverty, social exclusion, the energy performance of the building stock, etc. There is also diversity in the policy measures they have implemented thus far to deal with situations of energy poverty and vulnerability."

[30] Full text is availabe at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R1999

the process of handling his request, to be classified as “customer in need". So, they are put in exclusionary and discriminatory positions, precisely because of their social and economic situation. The Decision of the Council of Ministers no. 8, dated 14.1.2015 "For the protection of the needy, for the effect of removing the energy consumption bandage electricity up to 300 kWh per month", it states that benefit from compensation families with economic assistance, family heads in old age pensions or disability, families consisting of disabled persons, blind, paraplegics and tetraplegics and budget employees with salary under 35 thousand ALL per month.

This exhaustive list has denied a large number of people the right to receive support, leaving them in energy poverty.

Law no.9355/2005 “On social assistance and services”, as amended, aims to determine social assistance and services for individuals and groups in need, who cannot ensure the fulfilment of basic vital needs, the development of personal skills and opportunities and the preservation of integrity and social inclusion due to limited economic skills and opportunities, physical, psychological and social and to mitigate poverty and social exclusion for individuals and families, as well as to create opportunities for their integration, through the provision of a system of interventions and services to improve their lives.

The law uses the term “individuals and groups in need”. In accordance with the provisions of the Law no. 121/2016 “On social care services in the Republic of Albania”, Social services are defined the set of services offered to individuals and groups in need, who are unable to meet, with the resources they have, their vital needs for the preservation, development and rehabilitation of individual opportunities, to overcome emergency needs or chronic. "Family in need" is the family that has no income or has insufficient income from the social protection program, remittances, rent, assets, agriculture or other income. "Individual in need" is a natural person who is: orphan, victim of trafficking, victim of violence in family relationships. So, the Law no.9355/2005 “On social assistance and services” defines two terms: family in need and individual in need. There is no unified term in client in need, according to the legislation on energy sector. It is no definition on energy poverty, but the usage of “no income or insufficient income”.

There is a correlation between income poverty and energy poverty. In Albania, it is widely perceived that people that have lower incomes, economic assistance, or live only on social payments are in energy poverty. Studies or data collected by different organizations have shown up those persons in energy poverty are much more as it is declared from the government[31].

Addressing energy poverty has multiple potential benefits, such as: less money spent by the government on health, reduced air pollution, better comfort and well-being, improved household budgets and increased social inclusion[32].

[31] The study prepared by Commissioner against Discrimination: https://www.kmd.al/wp-content/uploads/2021/06/Raporti-klienteve-ne-nevoje.pdf

[32] https://www.empowermed.eu/wp-content/ uploads/2020/09/Varferia-Energjitike.pdf

6 Statistical tools used to measure energy poverty

The most accurate way to determine the prevalence of energy poverty would be to assess each household's situation. However, this approach is not feasible due to the vast number of resources required. Instead, to estimate the number of energy-poor households, studies rely on statistical data obtained through standardized surveys, such as the:

- Household Budget Survey (HBS)
- Survey on Income and Living Conditions (SILC)

Several indicators can be used to identify energy-poor households:

- **M/2 indicator**. The M/2 indicator presents the share of households whose absolute energy expenditure is below half the national median, or in other words abnormally low. This could be due to high energy efficiency standards but may also be indicative of households dangerously under-consuming energy.
- **2M indicator**. The 2M indicator presents the proportion of households whose share of energy expenditure in income is more than twice the national median share.
- **Arrears on utility bills**. Share of the population having arrears on utility bills, based on the question "*In the last twelve months, has the household been in arrears, i.e., has been unable to pay on time due to financial difficulties for utility bills (heating, electricity, gas, water, etc.) for the main dwelling?*"
- **Inability to keep home adequately warm**. Share of the population not being able to keep their home adequately warm, based on the question "*Can your household afford to keep its home adequately warm?*".
- **Condensation, leaking roof, rot in windows or doors**. Share of population with a leak, damp or rot in their dwelling, based on the question "*Do you have any of the following problems with your dwelling/accommodation?*
  - a leaking roof
  - damp walls/floors/foundation
  - rot in window frames or floor"

To calculate these indicators, disaggregated survey data is needed from the relevant statistical offices. The table below provides the sources for each indicator (HBS or EU SILC).

Table 5 List of indicators and their survey sources

Indicator	Source
M/2 indicator	HBS
2M indicator	HBS
Arrears on utility bills	EU SILC
Inability to keep home adequately warm	EU SILC
Condensation, leaking roof, rot in windows or doors	EU SILC

The researchers observed a distinct lack of microdata on the INSTAT web page on both the HBS and the EU SILC. While the general results are available, the breakdown by decile is hard to obtain. This limits the calculation of the above indicators. Nevertheless, the data below that are directly correlated to energy poverty are available from EUROSTAT.

Share of Utilities on Household Budget Survey

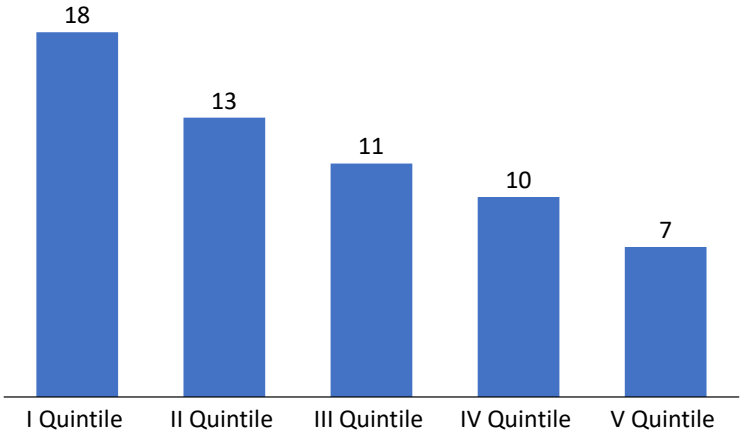

Figure 8 Share of utilities on household budget survey according to quintile
Source: INSTAT

The data provides information solely on the proportion of household expenses allocated to housing, water, electricity, gas, and other fuels for each quintile. In the figure 1, it is evident that the average expenses for the first quintile (lowest budget) amount to 18%, gradually decreasing to 13%, 11%, 10%, and 7% for the subsequent quintiles (higher budget). Given that the data encompasses spending on water and housing, it is reasonable to infer that energy-related expenditures are likely slightly lower.

It can be observed that in households with lower budget (first quintile or households with the lowest 20% of the budget), energy-related expenditures comprise of a bigger portion.

Agreeing on the fact that a family is in energy poverty if at least 10% of family incomes are used on fulfilling the needs related to energy, then also households of the second and third quintile might be considered under energy poverty.

Arrears on utility bills (2019)

The information regarding overdue payments for utility bills is derived from EUROSTAT data from the year 2019. This data encompasses various household categories, including:

- All households (total)
- Single individuals
- Households with a single adult aged 65 or older
- Single individuals with dependent children
- Single females
- Single males
- Two-adult households
- Two-adult households with both adults under 65 years old
- Two-adult households with at least one adult aged 65 or older
- Households without dependent children

- Households with dependent children.

The percentage of households with arrears on utility bills is shown in the figure 2, for those households with income below 60% of median equivalized income to capture the most vulnerable household. The list above shows clearly that families with one parent, or household aged 65 or older, the individuals living alone are directly impacted from energy poverty. The economic conditions and the constant increase of prices targets the list of families mentioned above. That is why different governments adopt different campaigns or amend their social schemes to protect and support this families in risk.

The list is indicative and opened to other individuals or families that in a certain moment could be in energy poverty, due to unpredictable causes.

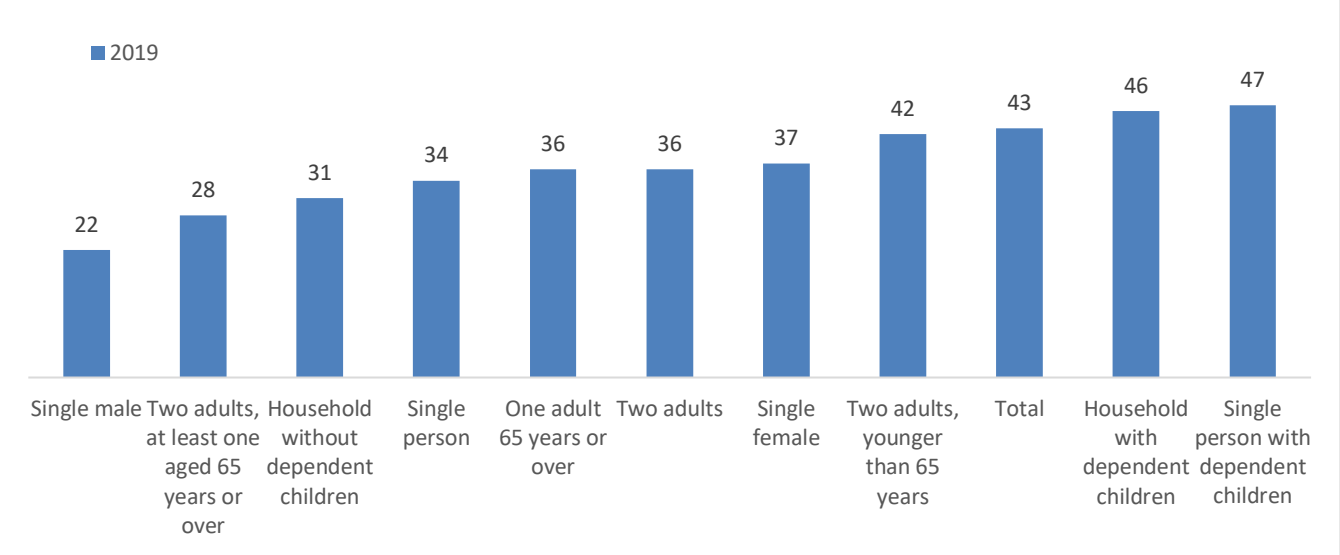

Figure 9 Arrears on utility bills, 2019
Source: EUROSTAT

Share of households in Albania in arrears on utility bills in 2019

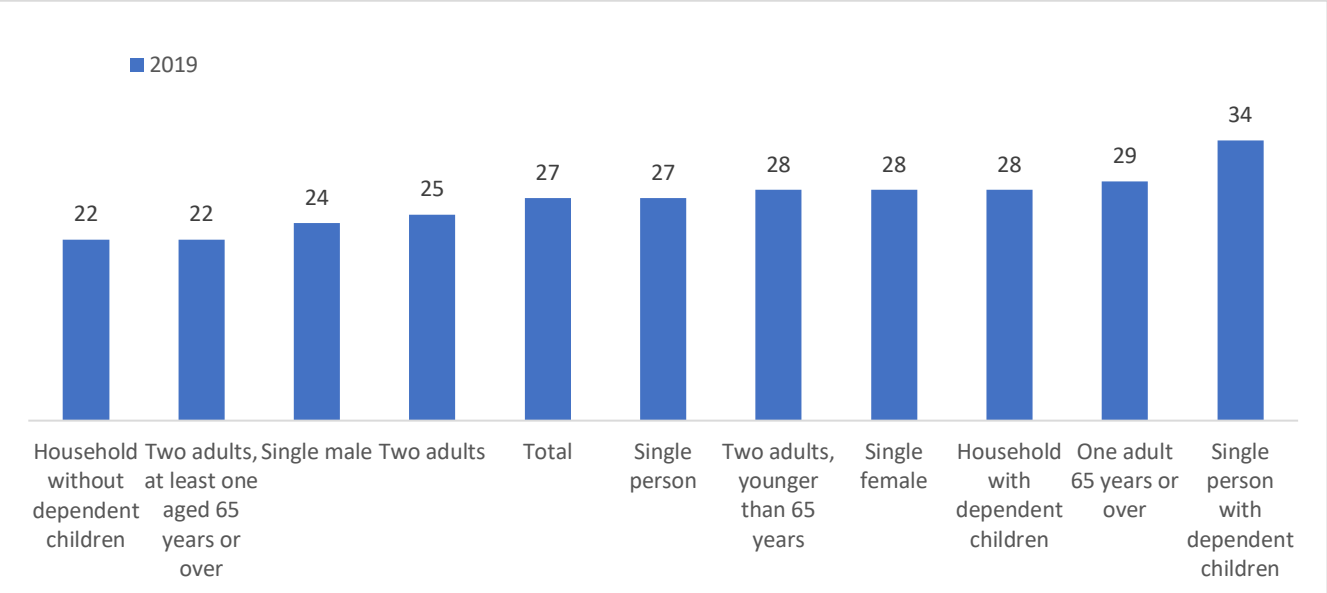

Figure 10 Share of households in arrears on utility bills, 2019
Source: EUROSTAT

As anticipated, the percentage of households facing overdue utility bill payments decreases when considering all households collectively. According to the provided data, in 2019, 34% of single-person households with dependent children had utility bill arrears. However, when examining all households, regardless of income, 27% of them encountered issues with unpaid utility bills. This fact should not be considered in absolute value, as this number is related to persons who are officially registered, who have a valid contract and they are in debt with public institutions. There are many other families, marginalized groups, or communities, who are not registered such as Roma People, or others who do not live in spaces considered as house according to our legislation, or do not have a rent contract, so they are not included or considered from the public institutions.

This is the reason that the real number of individuals/ households who are living in energy poverty is higher than the official data.

Inability to keep home adequately warm

The data on the inability to keep a household warm are shown in the next figure for those households with income below 60% of median equivalized income to capture the most vulnerable households.

The data depicted in the figure 4 highlights that single female-headed households encountered the most significant challenges in maintaining adequate warmth in their homes, with 71% of them unable to do so in 2019. Similar, albeit slightly lower, percentages were observed for single individuals with dependent children and households with a single adult aged 65 or older. These findings suggest that single-parent families, retired individuals living alone, and single-person households, in general, faced the most substantial obstacles in maintaining household warmth. In total, 54% of households with incomes below 60% of the median equivalized income experienced difficulties in keeping their homes warm in 2019.

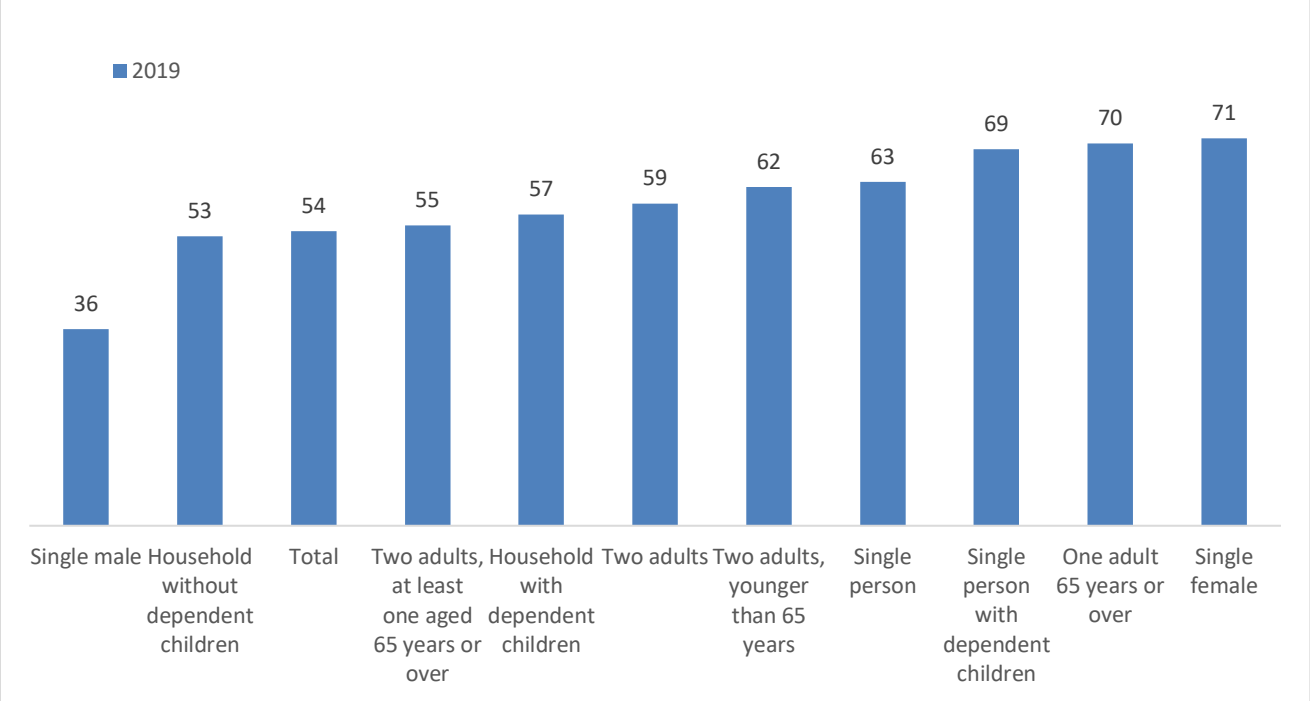

Figure 11 Inability to keep home adequately warm, 2019
Source: EUROSTAT

-Share of households in Albania unable to keep home adequately warm in 2019

The percentage of households facing difficulties in maintaining sufficient warmth at home decreases when considering all households collectively. According to the presented data, the group with the highest proportion of households struggling to keep their homes adequately warm consists of those with a single adult aged 65 or older, with 55% of such households facing this issue. Concurrently, 37% of all households' experience challenges in maintaining adequate warmth at home.

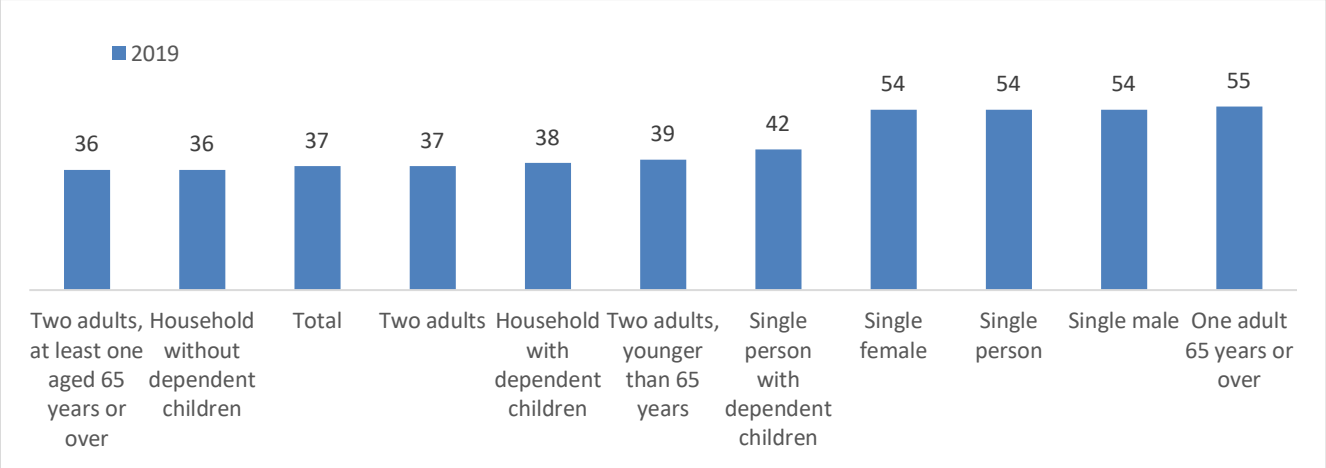

Figure 12 share of households unable to keep home adequately warm, 2019
Source: EUROSTAT

Condensation, leaking roof, rot in windows or doors

The data on condensation, leaking roofs, rot in windows or doors are shown for those households with income below 60% of median equivalized income to capture the most vulnerable households. The data depicted in the following table reveals that households comprising a single adult with dependent children were the most impacted, with 47% of these households meeting the specified criteria in 2019.

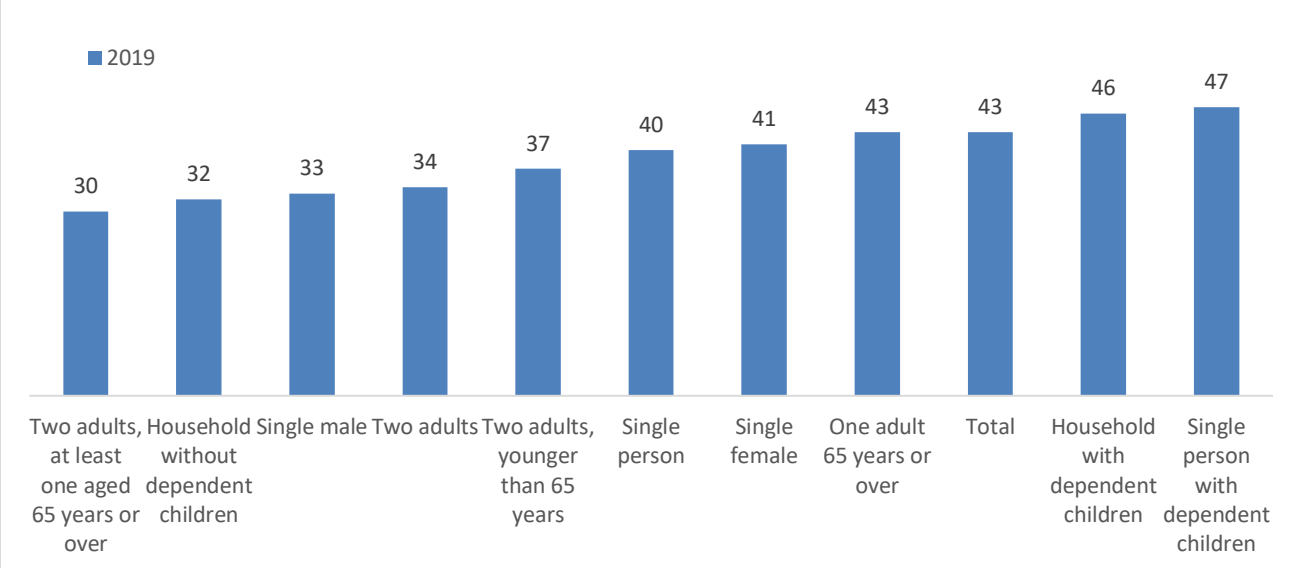

Figure 13 condensation, leaking roof and rot windows or doors for households with low income, 2019
Source: EUROSTAT

-Share of households in Albania suffering from condensation, leaking roof, rot in windows or doors in 2019

As anticipated, the percentage of households experiencing leaking roofs decreases when considering all households as a whole. Single-person households with dependent children are the most affected by this problem, with 36% of such households encountering leaking roofs. Simultaneously, 30% of all households' report facing issues with roof leaks.

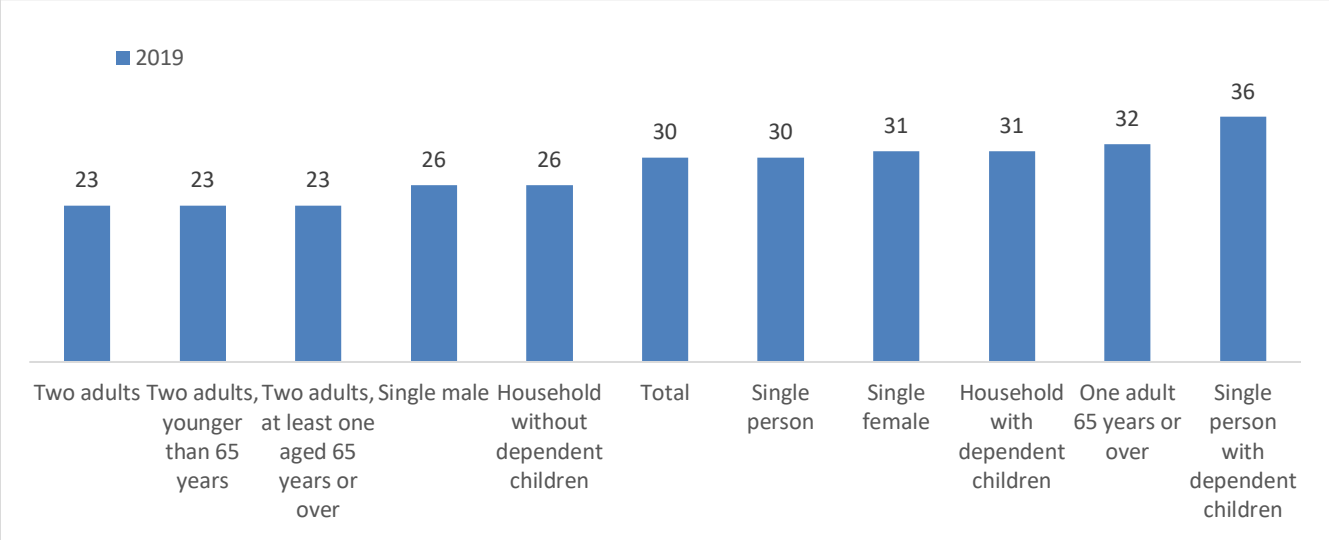

Figure 14 Households suffering from condensation, leaking roof, rot in windows or doors, 2019
Source: EUROSTAT

7 Income and Living Conditions in Albania (EU-SILC), 2021

EU-SILC stands for "European Union Statistics on Income and Living Conditions." It is a survey conducted by the European Union (EU) to collect data on income, poverty, social exclusion, and living conditions of households and individuals across EU member states and some other European countries.

EU-SILC provides valuable information about income distribution, material deprivation, social inclusion, and other socioeconomic factors, making it an essential tool for policymakers and researchers to analyze and monitor living conditions and poverty levels in the European Union. The data collected through EU-SILC helps inform the development and evaluation of social and economic policies at both the national and EU levels.

While it may not directly measure "energy poverty" as a specific concept, it provides information that can be used to assess and understand the risk of energy poverty.

INSTAT published the results of the EU-SILC for 2021 on the 30th of December 2022. The main indicators that **are relevant but not direct measures of Energy Poverty**, are:

- **At risk of poverty rate** - indicates the percentage of persons living in households where equivalent disposable income is below the at-risk-of-poverty.

- **At risk of poverty threshold** represents the lowest annual disposable income that a person would not be considered at risk of poverty. At-risk-of-poverty threshold is defined as 60% of the median equivalised disposable income for all households
- **Severe material deprivation**
    - Severe materially deprived persons are those living in household who cannot afford at least four of the nine categories of material deprivation related to assets. living conditions or financial aspects.
    - The nine items of material deprivation are:
        - Arrears on mortgage or rent payments. utility bills. hire purchase instalments or other loan payments.
        - Capacity to afford paying for one week's annual holiday away from home
        - Capacity to afford a meal with meat. chicken fish (or vegetarian equivalent) every second day
        - Capacity to face unexpected but necessary expenses of 30.000 ALL
        - Household cannot afford a telephone (including mobile phone)
        - Household cannot afford a color TV
        - Household cannot afford a washing machine
        - Household cannot afford a car and
        - Capacity to afford keeping home adequately warm

The following table from INSTAT provides the main indicators from 2018 to 2021:

Table 6 Main INSTAT indicators
Source: Income and Living Conditions Survey 2018, 2019, 2020, 2021

Indicators	2018	2019	2020	2021
At risk of poverty rate (%)	23.4	23.0	21.8	22.0
Severe material deprivation (%) lack of 4 out of 9 categories of material deprivation	38.3	37.1	34.7	35.2
Very low work intensity (%)	13.3	12.4	11.6	12.4
At risk of poverty or social exclusion (AROPE) (%)	49.0	46.2	43.4	43.9
At risk of poverty of poverty threshold; one person household (ALL)	160,742	170,785	186,242	191,791
At risk of poverty of poverty threshold; household with 2 adults and 2 dependent children (ALL)	337,558	358,650	391,108	402,760
At risk of poverty before social transfer (%) (Old-age and family pensions included in social transfers)	39.0	38.1	37.9	39.0
At risk of poverty before social transfer (%) (Old-age and family pensions excluded in social transfers)	26.3	26.1	24.8	25.2

To be noted from the table are:

- **Severe material deprivation** - This indicator is estimated at 35.2% in 2021 against 34.7 % in 2020, increasing by 0.5 percentage points.

While severe material deprivation is not a direct measure of energy poverty, it can serve as an important proxy and indicator of households' overall economic hardship and their ability to afford basic goods and services, including energy. Severe material deprivation can be closely related to energy poverty in several ways:

- **Utility Arrears**: Severe material deprivation often includes indicators related to the inability to pay utility bills, which can encompass energy bills. Households that struggle to pay their energy bills due to financial constraints may be classified as severely materially deprived.
- **Inadequate Heating or Cooling**: One of the dimensions of severe material deprivation may involve the inability to maintain adequate heating or cooling in the home. This can directly relate to energy poverty because it signifies that a household lacks the resources to maintain a comfortable and safe indoor temperature.
- **Housing Quality**: Severe material deprivation often considers housing quality, which includes aspects such as dampness, poor insulation, or inadequate heating systems. Poor housing quality is a significant contributor to energy poverty, as it can lead to higher energy consumption and costs to achieve a comfortable indoor environment.
- **Trade-offs**: Households experiencing severe material deprivation may be forced to make trade-offs between basic necessities like food, healthcare, and energy. They may cut back on energy consumption to allocate their limited resources to other essential needs, which is a hallmark of energy poverty.
- **Income-Related**: Severe material deprivation is typically associated with low income. Low-income households are more susceptible to both material deprivation and energy poverty, as they may struggle to cover basic living costs, including energy expenses.

- In 2021 are estimated 622.705 individuals living **below the at-risk-of-poverty threshold**, against 621.504 estimated in 2020.

The at risk of poverty rate is not a direct measure of energy poverty, but it provides critical information about the economic well-being of a population. The number of persons living below at risk of poverty threshold is higher from year to year. Internal and external factors, such as: Covid 19, the war between Ukraine and Russia have influenced directly on the growth of the number. The at risk of poverty rate relates to energy poverty in the following ways:

- **Income and Poverty:** The at risk of poverty rate is typically defined as the percentage of the population with an income below the "at risk of poverty threshold," which is typically set at 60% of the national median equivalized disposable income. Households with incomes below this threshold are considered to be at risk of poverty. Energy poverty is often associated with low income, as households with limited financial resources may struggle to afford energy bills.

Therefore, a high at risk of poverty rate can be an indirect indicator of a population that may be more susceptible to energy poverty.

- **Budget Constraints**: Households with incomes near or below the poverty threshold often face budget constraints that make it difficult to allocate sufficient funds for energy-related expenses. This can lead to situations where they are forced to reduce energy consumption, potentially sacrificing comfort and well-being, and increasing their vulnerability to energy poverty.
- **Trade-offs**: Households at risk of poverty may be forced to make trade-offs between basic needs like food, housing, healthcare, and energy. They may prioritize some necessities over others, and energy expenses may be one area where they cut back, resulting in energy deprivation or energy poverty.
- **Housing Quality:** Energy poverty is closely linked to housing quality and energy efficiency. Many households at risk of poverty may live in poorly insulated or energy-inefficient housing, which can lead to higher energy bills. In this context, the at risk of poverty rate indirectly reflects the housing conditions that contribute to energy poverty.

8 Current schemes addressing energy (electricity) poverty

The Albanian legal system does not have a specific definition for electricity poverty or households that are vulnerable to it. Instead, there are seven categories of customers who are considered to be in need from a social perspective, based on factors such as health, disability, and income. The customers in need mentioned below are defined by Law No.9355 (2005) on social assistance and services, and its six amendments (Law No. 9602 (2006), Law No.10252 (2010), Law No. 10399 (2011), Law No.25(2013), Law No.47 (2014) and Law No.44 (2016)).

1. **These categories include:**
   - households that receive social assistance,
   - households headed by a person with disabilities who has no employed family members,
   - heads of household who receive minimum or social old-age pensions and live alone or with dependent children with no income,
   - heads of household who receive disability pensions and have no employed or self-employed family members,
   - households headed by a public employee with a gross monthly salary below 35,000 ALL (€320) and no other employed or self-employed family members,
   - people with disabilities (blind),
   - paraplegic and tetraplegic people.

Additionally, the Albanian legal framework includes two social schemes to compensate for previous electricity price increases by providing a monthly cash benefit based on the decisions of the Council of Ministers:

- Decision No.565 (2006) introduced a monthly compensation of 500 ALL (4.5€) for

electricity consumption of customers in need who reach the monthly threshold of 200 kWh, which was revised to 300 kWh in 2008 and the monthly compensation increased to 640 ALL (€6) per Decision No.238 (2010);

- Decision No.404 (2012) introduced a special compensation for paraplegics, tetraplegics, and blind people; and Decision No.8 (2015) introduced an additional cash benefit of 648 ALL (6.1€) to compensate for the effect of the removal of the two-tier pricing structure.

The table 3 The budgetary effects of the support of consumers in need - provided shows the categories of beneficiaries for energy compensation in Albania, along with the legal reference, total amount of benefit, number of actual beneficiaries, total number, and fund of actual beneficiaries in ALL. The total number of actual beneficiaries is 187,704 and the total fund of actual beneficiaries is 3,057,429,024 ALL. The legal reference for most categories is DCM no.565/2006 (640 ALL) & DCM no. 8/2015 (648 ALL), while for paraplegics and tetraplegics and blind it is DCM 404, dt 20.06.2012 & DCM no. 8/2015.

The total fund of **3,057,429,024 Albanian Lek** is budgeted and gets allocated for this support every year.

In the table 3, a discrepancy in the Nr. of Actual beneficiaries and Elegible beneficiaries can be observed. This indicates that not all eligible individuals receive the support according to their specific category.

Only 80.2% of individuals eligible for support, actually take benefit of the support. According to the table below, the categories were most individuals miss to benefit from the support scheme are :

- Household beneficiaries of social assistance
- Household, where the person with disability is head of household and does not have employed family members
- Paraplegics and tetraplegics
- Blind

In order to assess why certain categories are benefitting less than others, a scoping study is needed, that would assess the following processes:

- Information channels for eligible individuals
- The type of procedures they need to follow (online or physical presence is required)
- The number of institutions that is involved in granting the support.
  - Including committees, working groups etc.
- The number of documents that need to be provided by the individual.
- Waiting times
- Granting method
  - Bank deposit, cash,
  - Number of trips needed to collect the amount.

The above-mentioned processes, and their facilitation, cumulatively play a role in facilitating or hindering the access to the corresponding support scheme for an individual.

Table 7 The budgetary effects of the support of consumers in need

Source: Author

Categories of beneficiaries for energy compensation	Legal reference	Total amount of benefit in Albanian Lek	No. of actual beneficiaries	Total eligible beneficiaries	Fund of actual beneficiaries in Albanian Lek
Household beneficiaries of social assistance	DCM no.565/2006 (640 ALL) & DCM no. 8/2015 (648 ALL)	1,288	24,700	66,269	381,763,200
Household, where the person with disability is head of household and does not have employed family members	DCM no.565/2006 (640 ALL) & DCM no. 8/2015 (648 ALL)	1,288	1,801		27,836,256
Heads of household who receive disability pension and do not have family members employed or self-employed	DCM no.565/2006 (640 ALL) & DCM no. 8/2015 (648 ALL)	1,288	12,548	12,548	193,941,888
Heads of households receiving minimum or social old-age pensions and do not have family members employed or self-employed	DCM no.565/2006 (640 ALL) & DCM no. 8/2015 (648 ALL)	1,288	129,505	129,505	2,001,629,280
Paraplegics and tetraplegics	DCM 404, dt 20.06.2012 &DCM no. 8/2015	2,648	4,059	6,458	128,978,784
		2,048	54		1,327,104
Blind	DCM 404, dt 20.06.2012 &DCM no. 8/2015	2,648	2,256	12,160	71,686,656
		2,048	5,781		142,073,856
Families of public employees, with a gross monthly salary of below 35,000 ALL per month, when the employee is the head of household and has no employed or self-employed family member	DCM no.565/2006 (640 ALL) & DCM no. 8/2015 (648 ALL)	1,288	7,000	7,000	108,192,000
TOTAL			**187,704**	**233,940**	**3,057,429,024**

The above numbers show up that the number of families that are direct beneficiaries. Due to different obstacles, some of them provided by law, the number of actual beneficiaries is lower.

Meanwhile, the Albanian Government do not adopt the legislation on client in need or vital minimum, putting barriers and eliminating people from the social schemes.

[33]The studies have shown up that despite the incomes in a family (from 20.000 ALL - over 50. 000 ALL) spent more than 10% for energy consumption.

If we take in consideration that all these families should have compensation or help from the state, considering the actual schemes, the impact in state budget could nearly be doubled.

The actual social schemes should be revised as the living costs are higher, the energy bills are higher. The necessity to revise the social schemes is absolutely necessity, in relation to the actual prices, the war, the inflation etc.

The impact in state budget is considered higher and the absolute value of the funds is bigger. These are some reasons and issues that Albanian government is too late on adapting the legal framework and reconsidering the actual status.

Discussion on the results of EU-SILC results:

While EU-SILC is not specifically measuring energy poverty, many of its indicators can be considered as proxy's of energy poverty. The two most concerning data from the study are:

- 35.2% or **996,328 of the population** are under "Severe Material Deprivation"
- 22% or **622.705 of the population** are below the "At risk of poverty Threshold"

Currently, only around 233 thousand people are eligible and only around 188 thousand actually benefit from direct support only for Electric Energy (so, not accounting for heating with biomass, gas and similar).

Considering the results from EU-SILC an argument can be made that there are potentially much more individuals living in circumstances in which Energy Poverty might be a reality. Further analysis based on more data is needed to make a proper correlation.

9 Support schemes in the EU

The European Union countries use different methods to alleviate energy poverty or energy vulnerability. Here are some examples of the methods used by the countries:

1. Financial interventions (40% of countries):

- Short term protection of vulnerable consumers: For example, in France, there is a system called "Fonds de Solidarité pour le Logement" (FSL) which provides financial assistance to households in difficulty to help them pay their energy bills.
- Use social welfare system to identify recipients and distribute payments: In the UK, the government uses data from the Department for Work and Pensions to identify households that are eligible for the Warm Home Discount Scheme, which provides a one-off discount on electricity bills.

[33] Report on Client in need, Commissioner against Discrimination.

- Type of interventions:
  - Social support (housing and energy cost – 36%): In Ireland, the government provides financial support to low-income households through the Fuel Allowance scheme, which helps them with the cost of heating their homes.
  - Energy costs subsidies/payments (32%): In Belgium, there is a social tariff for electricity and natural gas, which provides a discount on energy bills for low-income households.
  - Energy costs subsidies/payments –elderly (7%): In Greece, there is a program called "Social Residential Tariff" which provides a discount on electricity bills for vulnerable groups, including elderly people.
  - Social tariffs (20%): In Spain, there is a social tariff called "Bono Social" which provides a discount on electricity bills for vulnerable consumers.
  - Negotiated tariffs with utilities (5%): In Italy, there is a program called "Bonus Gas" which provides financial assistance to low-income households to help them pay their gas bills. The program is funded by gas suppliers.

2. Energy efficiency interventions (e.g targeted retrofit program (30%):

- Retrofit grants (targeted) 21 %: In France, there is a program called "Habiter Mieux" which provides financial assistance to low-income households to help them improve the energy efficiency of their homes.
- Retrofit grants, loans or tax incentives (non-targeted)42 %: In Germany, there is a program called "KfW Energy-efficient Refurbishment" which provides loans and grants to homeowners to help them improve the energy efficiency of their homes.
- Legislation (7%): In the UK, there is a law called "The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015" which requires landlords to improve the energy efficiency of their properties.
- Energy efficiency advice (6%): In Austria, there is an organization called "Energieberatung NÖ" which provides free energy efficiency advice to households.
- Appliance grants (non-targeted) (8%); targeted (4%): In Portugal, there is a program called "Eficiência Energética na Administração Pública" which provides financial assistance to public institutions to help them replace old appliances with more energy-efficient ones.
- Social housing improvement (8%): In the Netherlands, there is a program called "Stroomversnelling" which aims to improve the energy efficiency of social housing.

3. Additional consumer protection measures (20%):

- Disconnections Safeguards in general (14%), or in winter (10%), or targeted (16%): In France, there is a law that prohibits energy suppliers from disconnecting households during the winter months.

- Debt protection (switching) 7%: In Italy, there is a law that prohibits energy suppliers from disconnecting households that have accumulated debt if they have applied for debt restructuring.
- Consumer complaints (11%): In Ireland, there is an organization called "Commission for Regulation of Utilities" which handles complaints from consumers about their energy suppliers.
- Utility code of conduct (8%): In Belgium, there is a code of conduct for energy suppliers that sets out rules for how they should treat their customers.
- Reporting on and register of vulnerable consumers (11%): In Spain, there is a register of vulnerable consumers that is maintained by the National Commission on Markets and Competition. Energy suppliers are required to report on the number of vulnerable consumers they have and the measures they have taken to protect them.

4. Information and awareness (10%):

- Price comparison and transparent billings (liberalised markets): In Denmark, there is a website called "Elpris.dk" which allows consumers to compare electricity prices from different suppliers.
- Awareness raising campaigns: In Sweden, there is a campaign called "Energikollen" which aims to raise awareness about energy efficiency among households.
- Greater use of smart meters: In Italy, there is a program called "Contatore 2G" which aims to install smart meters in all households to help them better understand their energy consumption.

These are just some examples of the methods used by European Union countries to alleviate energy poverty. The specific measures used vary from country to country depending on their specific needs and circumstances.

10 The role of Public Institutions in the Energy Poverty

The table below analyse the role and the impact of institutions dealing with energy and social affair in the Albanian Government, starting from the lead ministries to executive agencies.

Table 8 Institutional analyse of public entities

Source: Author

Stakeholder	Action	Role	Bottlenecks
Governments and national Institutions Ministry of Infrastructure	Recognition of energy poverty and vulnerable consumers in legal terms	Approve national legislation on recognition of Energy Poverty and Energy Vulnerability	Lack of political will on behalf of all actors can be observed. The legal obligation to support consumers in need has been established since

and Energy Ministry of Health and Welfare Ministry of Economy and Finance		Cross check the implications of current support schemes with the additional ones that relate only to energy poverty Budget accordingly on a long-term basis. The targeted programs would have to include not only financial intervention but also retrofitting, efficient appliances, information campaign etc.	2015. Working groups have not been established as described in the law.
	Financial interventions		Financial interventions are budgeted every year but not specifically on energy poverty but rather on schemes that relate to social welfare
	National targeted programs to alleviate energy poverty		Energy Efficiency retrofitting, while mandated and minimum performance requirements set, are not supported financially or incentivized. The only running support scheme is at a local level in Tirana for thermal insulation at a 50% level.
Regulatory authorities	Tariffs	Energy Regulator might establish tariffs that support energy poor consumers. Liberalized market of electricity supply.	The current tariffs are already at a level (9.5 ALL/kWh) that is considered a subsidized tariff. However, this subsidization applies to all family consumers, including low-income families and others with all levels of income.
	Additional protection	Energy Regulator might establish a minimal level of consumption that is necessary for basic necessities, for energy poor consumers to get free. Also the energy regulator might pt	No legal obligation is put in place to protect consumers in the methods described. Legal changes would need to be made on a framework law level. Currently, non-payment is followed up with electricity disconnection. A scheme

		regulation in place to protect disconnection of electricity.	exists for a payment plan of arrears.
	Reporting on vulnerable consumers	The regulator might collect and publish data on vulnerable and energy poor consumers and report these data, along with recommendations to the parliament	This exercise is not foreseen in the law.
Utility companies	Billing information and advice	Utility companies can provide data on the method of energy consumption for a household. Provide measuring devices on individual appliances to determine efficiency.	Interval metering (measuring energy each predetermined time frame) requires the adoption of new electricity meters and adoption on a large scale can be costly. Individual appliances measuring devices can be provided on a rolling basis from consumer to consumer, although would still need a dedicated budget and processing of data afterwards.
Statistical Offices	Household surveys	The INSTAT is responsible to hold periodically the SILC and HBS with all its required modalities.	Apart from the published reports on the INSTAT page regarding these 2 studies, the disaggregated data is not available. Disaggregation such as energy share expenditures by Decile or quintile is not publicly available.
	Data on household energy consumption		
	Indicators for energy poverty		

11 The Energy Poverty Advisory Hub of the EU

Even though Albania is not yet part of the EU, its legislation is being transposed to be fully compliant. In this context many resources and tools that benefit the EU countries can also benefit Albania. The most comprehensive collection of resources on Energy Poverty can be found at the Energy Poverty Advisory Hub of the EU. The European Commission launched

the Energy Poverty Advisory Hub (EPAH) in 2021 at the request of the European Parliament. The EPAH is a leading EU initiative that aims to eradicate energy poverty and accelerate the just energy transition of European local governments. It builds upon the work of the EU Energy Poverty Observatory, which was launched in 2018. The EPAH provides a space for collaboration and exchange for local and regional authorities to tackle energy poverty in the pursuit of a just and fair energy transition. The Observatory and its national energy poverty indicators are now an integrated part of the EPAH.

The EPAH offers several resources to guide stakeholders in implementing concrete actions to tackle energy poverty, including

- publications,
- online courses,
- calls for technical assistance.
- The EPAH ATLAS, which is an online interactive database that allows stakeholders to discover local and international projects and measures addressing energy poverty worldwide.

12 Conclusions and Recommendations

Right to access to energy is essential to people's life quality and enable them to live in dignity. Right to access to energy is closely related to the exercise and enjoyment of other rights, such as: the right to affordable housing, the right to education, etc.

Addressing energy poverty is a key element of a social economy.

Since there is no definition on client in need, vulnerable consumer and energy poverty, since there is no single measure on each situation, Albanian State is recommended to develop indicators, collect data and to compare the latter with other relevant information.

Legislation measures

Approval of Legal and Sub-Legal Acts

- The Power Sector Act 7/2018, Article 95, to establishes a definition for vulnerable consumers. According to this definition, the ERE (Energy Regulatory Entity) is tasked with safeguarding the interests of vulnerable consumers (Article 18(e)).
- Furthermore, this section specifies that the Ministry responsible for social affairs, in collaboration with the Ministry responsible for energy and the Ministry of Finance, with input from the ERE and relevant stakeholders, will formulate the criteria and procedures to determine eligibility for vulnerable customer status.
- The strategy for addressing the needs of vulnerable consumers will be subject to approval by the Council of Ministers

Institutions measures

There is considerable lack of data in conducting a holistic and in-depth analysis of energy poverty in Albana.

The national institutions would have to gather data on a granular level on at least, but not limited to the following:

a) Socio-economic data

- Definition of vulnerable groups and the share of the population in each group
- Definition of poverty thresholds and the share of the population at risk of poverty
- Share of electricity expenditure out of household expenditure for each vulnerable group.
- Expected evolution of retail prices for different consumption bands and for each component (electricity, network and taxes)

b) Energy data

- Electricity consumption per capita for each vulnerable group
- Electricity consumption per end-use (heating, cooling…) for each vulnerable group
- Efficiency levels of buildings and appliances
- Market penetration of efficient buildings and appliances and access to efficient buildings and appliances for each vulnerable group

c) Policy data

- Existing support schemes (description of the measures, beneficiaries and the cost for public finance)
- Energy Efficiency policies for buildings and appliances

It is recommended a unified terminology between laws that are integrated with each other. The usage of terms “client in need”, “family in need” or “individual in need” make difficult for public employees to correlate one with other, sometimes including or excluding from the list the vulnerable consumers.

Even though different national acts are adopted or are going to be adapted, such as: strategies, national plans etc, the focus on energy poverty is too low. The responsible institutions shall draft and publish the criteria on defining client in need (according to our law provisions) and energy poverty.

Public Awareness measures

It is necessary to see energy poverty in gender-based point of view and to overpass the traditional concept of energy poverty as a masculine concept.

The local government, as the government near citizens is recommended to have more information on income poverty and energy poverty. The municipalities have to gather data and information, to identify the needs of economically inactive persons, have to draft the vulnerability map and to provide budget.

Trainings, awareness campaign and information sharing are recommended for the public employees.

Considering the importance of energy poverty, its impact on families, but specifically on women, a national awareness campaign is highly recommended.

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