



# REPORT ON ENERGY POVERTY IN CATALONIA OCTOBER 2013

**SÍNDIC**

EL DEFENSOR  
DE LES  
PERSONES



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## 1. INTRODUCTION

In present-day Catalonia, there are many people who cannot keep their homes at an appropriate temperature for a fair price, and among them, a growing percentage is unable to pay their electricity, water or gas utility bills. This situation constitutes a phenomenon known as *energy poverty*, a relatively recent term used to describe a situation that has been in existence for years, and is now accentuated by the current economic scenario.

Energy poverty has worsened the conditions of many people who were already living on the threshold of poverty. The progressive increase in the price of utilities—especially electricity—over recent years, added to a limitation or reduction of certain aids and subsidies, have led to a situation in which for many people, electricity, gas or water utilities have become an expense difficult or impossible to cover. In this regard, it must be noted that for some time, certain social entities devote part of their efforts and resources to covering the basic utilities that users of the service are unable to pay for.

Energy poverty implies a number of social, health and environmental impacts. In all cases, it affects the quality of life of those who suffer from it, to say nothing of the complications generated by the accumulation of debt due to the extra effort to be made by users to pay their ever-increasing utility bills.

Consequently, and with a view to developing proposals to keep more persons from suffering the phenomenon known as energy poverty, on March 25th, 2013, the Catalan Ombudsman decided to take this *ex officio* action to analyze which steps could be taken from administrations and utility companies in this area, either on prices, consumption reduction or aid to the most vulnerable people and families through measures designed to help in totally or partially covering the expenses generated by the consumption of electricity, gas or water.

## 2. ACTIONS CARRIED OUT BY THE CATALAN OMBUDSMAN

The Catalan Ombudsman decided to take this *ex officio* action on March 25th, 2013. Aside from the information and documents received in writing on June 4th, July 10th and October 3rd, 2013, several meetings were held, among others, with the administrations, organizations and entities of the following list:

- Catalan Autonomous Ministry of Social Welfare and Family
- Catalan Energy Institute (ICAEN)
- Directorate General of Energy, Mines and Industrial Safety (Autonomous Ministry of Enterprise and Labor)
- Department of Quality of Life, Equality and Sport (Barcelona Municipal Government)
- Federation of Municipalities of Catalonia
- Catalan Association of Municipalities and Counties
- Càritas Diocesana de Barcelona
- Red Cross of Catalonia
- Mambré Private Foundation
- Tertiary Sector Social Entities Panel of Catalonia
- Endesa
- Agbar
- Gas Natural Fenosa

Additionally, the Catalan Agency of Consumer Affairs, as well as Aigües de Girona, Salt i Sarrià de Ter have also sent the Catalan Ombudsman their report on this matter.

Last, the Catalan Ombudsman has also exchanged information on this topic, and experiences in the respective regulations with the Ombudsman Services (United Kingdom), the Médiateur de l'Énergie (France) and the Service de Médiation de l'Énergie/Ombudsman Energie (Belgium).

### 3. RELEVANT REGULATORY REFERENCES

The preamble of the Catalan Statute of Autonomy (2006) states that “The Catalan people continues today to proclaim liberty, justice and equality as higher values of its collective life, and manifests its desire to advance in a way which will ensure a dignified quality of life for all those who live and work in Catalonia.”

The Statute also includes in its regulatory text a number of precepts that help set the framework for the phenomenon at hand and the actions to be taken by public administrations as well as other agents with a role in the matter.

Further, Article 30, devoted to the rights of access to public services, and good Administration, states that “Each individual has the right of equal access to public and economic services of general interest” and that “Public Administration bodies shall set the access conditions and quality standards for these services, regardless of the system for their provision.”

Article 42 (social cohesion and welfare) states that “The public authorities shall ensure full social, economic and occupational integration of the individuals and groups most in need of protection, particularly those who are in situations of poverty and at risk of social exclusion.”

Finally, two precepts that delimit the competency scope of the Autonomous Government of Catalonia (Generalitat) in the realms of energy and housing can be mentioned:

#### *Article 133. Energy and mines*

“The Generalitat has shared power over energy. This power includes in any case:

(...)

c) Implementation of additional quality standards for energy supply services.”

#### *Article 137. Housing*

“The Generalitat has exclusive power over housing, which includes in any case:

(...)

f) Rules on the suitability of housing for habitation.

g) Technological innovation and sustainability applicable to housing.”

Last, the Code of Consumer Rights of Catalonia (Law 22/2019, July the 20th) cannot be overlooked. It defines as basic services those which are of an essential nature and necessary for daily life, or that have generalized use among consumers, expressly including utilities (Art. 251-2).

### 4. DIFFICULTIES IN IDENTIFYING THE AFFECTED POPULATION GROUP

Though energy poverty can be described as a relatively new phenomenon in this country, there are several elements that make it possible to detect the presence and extension of this problem across a broader scenario in which, according to the Idescat, the rate of poverty or exclusion risk (AROPE rate) in Catalonia was 26.7% in 2011.<sup>1</sup>

The Idescat also offers information and data on the population with severe material deprivation in Catalonia, which includes those persons whose living conditions are restricted due to the lack of resources who cannot afford, among other items, their utility bills or to keep their homes properly heated. According to the Living Conditions Survey for 2011, in Catalonia there were 193,000 households—6.9% of the total—that could not afford the expense of keeping their homes at an appropriate temperature. Furthermore, in the EU-27 this percentage was 9.8% for the same year.<sup>2</sup>

<sup>1</sup> <http://www.idescat.cat/territ/BasicTerr?TC=5&V0=3&V1=3&V3=5597&V4=5930&ALLINFO=TRUE&PARENT=25&CTX=B> (Idescat website, consulted on September 27, 2013). The AROPE (At-Risk of Poverty Or Exclusion) is an indicator that reflects the proportion of the population that is either in a situation of risk of poverty, or one of severe material deprivation, or that lives in a household with low work intensity.

<sup>2</sup> <http://www.ine.es/jaxi/tabla.do?type=pcaxis&path=/t25/p453/e01/10/&file=02003.px>. Living Conditions Survey of the National Statistical Institute (website consulted October 10, 2013).

This notwithstanding, as shown by the different studies published by the Catalan Red Cross's Vulnerability Observatory, or the Tertiary Sector Social Entities Panel, there are clearly other manifestations of energy poverty not taken up in these household temperature indicators.

Thus, the Catalan Red Cross's Vulnerability Observatory, within its 5th study on housing and vulnerable social groups, published in July, 2013, featured a survey with a sample of 16,059 users, representing persons who benefit from anti-poverty and social exclusion programs, and recipients of personal support products (food, hygiene, household wares, etc.) for the elderly, all of whom had a home. According to this study, 71% of those surveyed stated that they faced "serious difficulties paying their bills" and one out of three had accrued debt for this concept, aside from the fact that "many of these families have already suffered utility disconnections or received notification that the application of this measure is imminent".<sup>3</sup>

On another note, it must be remembered that there are difficulties in identifying the number as well as the characteristics of the people affected, as it is possible to establish different criteria of energy vulnerability, bearing in mind the traits inherent to each of the utilities supplied (electricity, gas or water). The adoption of decisions in this field makes recommendable a prior definition of the universe of affected individuals, though it must be admitted that it is not easy to set general criteria along these lines.

To define this universe of potentially affected people, it must be remembered that energy poverty situations tend to result from the combination of three factors: low income, insufficient building quality (inferior thermal insulation, poor HVAC, dampness, homes with energy efficiency problems, etc.) and the high prices of electricity, gas or water.

On a subjective level, when it comes to applying these identifying criteria, it must be remembered that among the groups most vulnerable to energy poverty are persons over 65 years of age, single-parent families, the unemployed, persons receiving social benefits, and low-income individuals or families.

Along these lines, the difficulties encountered in knowing the number of persons who could be recipients of social measures or aid in this area could be a hindrance keeping certain administrations and companies from adopting measures to address this situation. Therefore, it seems appropriate to first establish as accurate a definition as possible of a vulnerable person with a view to defining who is affected by energy poverty.

Furthermore, and beyond the Administration's duty to define the persons affected by energy poverty or the criteria to consider when a person qualifies for this situation, utility companies or electricity, gas or water services must take a proactive attitude and collaborate in the detection and prevention of special situations of vulnerability that qualify for the definition of energy poverty.

It cannot be denied that there are situations of non-payment of bills that are a relevant indicator by which to consider that the person is affected by energy poverty. In this regard, utility companies or service suppliers play a key role in preventing new cases of energy poverty or the chronification of the existing cases. That is why, without prejudice to sending out the pertinent payment reminders, it is important for utility companies to inform the affected party (who is, after all, their customer) of the existing social aids and benefits and the social organizations and administrations that can intervene to guarantee their rights.

Therefore, it is also important that companies inform the basic social service organizations of any utility interruptions or disconnections that are foreseeable due to non-payments associated with possible situations of energy vulnerability and that, if necessary, the utility companies can have access to a report from these social service organizations.

In any case, the format and characteristics of the information that should be exchanged between companies and social services is a matter that should be defined within the working committee proposed in this decision, which should include all of the agents involved in this problem, always bearing in mind the social service beneficiaries' right to confidentiality of the data and information contained in their case files, pursuant to the personal data protection legislation.

<sup>3</sup> [http://www.creuroja.org/AP/CM/3812P199/Presentacio\\_del\\_5e\\_estudi\\_de\\_l\\_Observatori\\_de\\_Vulnerabilitat\\_Habitatge\\_i\\_col\\_lectius\\_vulnerables\\_.aspx](http://www.creuroja.org/AP/CM/3812P199/Presentacio_del_5e_estudi_de_l_Observatori_de_Vulnerabilitat_Habitatge_i_col_lectius_vulnerables_.aspx) (website consulted on September 27th, 2013).

## 5. THE NEED FOR PUBLIC POLICY

The fight against energy poverty must be a new social priority and faced at every level, among other reasons because it not only affects access to electricity, gas or water of the population, but also affects their conditions of health, consumer activity, housing, etc.

An example of the lack of this policy can be found in the Motion No. 10/X of the Parliament of Catalonia, of April 25th, 2013, on policies of social inclusion and the eradication of poverty, in which the Catalan government was urged to:

“a) Immediately promote the necessary measures, including regulatory measures if necessary, for energy and drinking water utility companies to not cut off supply due to non-payment, if they do not have a report from the basic social services, if the family unit has income below the minimum inter-professional salary, or is in a situation of economic neediness.

b) Claim from the Spanish Government the transfer of the basic energy pricing competencies to establish a public system of social prices for the basic supplies of electricity, natural gas and butane for homes, by setting minimum essential consumption levels in the monthly totals, taking into account the number of household members and the seasons of the year, so that minimum consumption levels are set depending on the climate conditions, corresponding to at least two annual periods: from April to September and from October to March.”

Non-payment of utility bills brings about the disconnection of the service by the company providing it. That said, when the affected individual does not have the resources necessary to cover the payment within a reasonable time frame, or when it is foreseeable that the lack of economic resources will persist over time, cutting off the utility can cause degradation of the affected party’s personal and family situation, raising their level of vulnerability, and will probably end up requiring greater public expense to attend to the situation created.

All things considered, there are other noteworthy items on this route toward the development of public policy relative to energy poverty that must be discussed:

- The 2012-2020 Energy and Climate Change Plan, approved by the Catalan government on October 9, 2012, in which the section devoted to the strategic lines of the new Catalan energy policy states the following:

“Specific preferential mechanisms must be introduced for persons affected by energy poverty within the current systems of energy aid and subsidies in the domestic realm, which provide this group with access to the basic energy services and improve the energy efficiency conditions of their homes and home appliances, with the overarching effect of reducing their economic expenditure.”

- The basis document for the Pact Against Poverty in Catalonia, published by the Ministry of Social Welfare and Family in September, 2012, which includes a specific section on energy poverty.

Despite these elements, there is now a lack of public policy on energy poverty, which would make it possible for the Generalitat to address this growing phenomenon from a global, multi-disciplinary and coordinated perspective.

## 6. EXPERIENCES IN OTHER COUNTRIES

A number of experiences from other countries of the European Union that may now be of interest are described as follows.

### United Kingdom

The British legal code takes up a number of initiatives for the fight against energy poverty and provision of assistance to individuals and families that could have difficulties paying their energy bills. A number of these initiatives are listed as follows:<sup>4</sup>

Aid for winter fuel: this includes an amount between 100 and 300 pounds to assist in payment of heating bills for beneficiaries of state pensions or other social security benefits.

The Warm Home Discount Scheme: This scheme entails an annual discount for consumers who are vulnerable—or at risk of becoming so—to energy poverty. The 2013/2014 discount could total some 135 euros. Any interested applicants

<sup>4</sup> <https://www.ofgem.gov.uk/information-consumers/domestic-consumers/help-energy-bills> ((website consulted on September 27th, 2013).

must contact their energy supplier to request the benefit.

**Energy saving:** Many suppliers offer free or subsidized energy efficiency measures to their customers as part of the Government's energy efficiency plans.

**ECO Affordable Warmth Scheme:** This plan was created by the Government to help households that receive certain state benefits and that wish to make their homes more energy-efficient. Financing is provided to households facing difficulties in efficiently using energy, and families living in fuel poverty. The plan may finance the replacement of inefficient and defective central heating boilers with new high-efficiency boilers, insulation, etc.

**Priority services register:** Elderly, disabled and chronically ill individuals may request that their supplier include them in the register of priority, free services, which include benefits such as the following:

- Advance notice of planned electricity outages for customers who depend on energy supply for medical reasons.
- Priority reconnection in case of emergency (which could include the provision of alternative heating and cooking facilities if energy supply is interrupted).
- Customers can arrange for their bills to be sent or copied to someone else (such as a relative or carer) who has agreed to receive them (proposal still under study).
- prepayment meters and quarterly meter readings (if the person is unable to read the meter).
- accessible information: companies can offer the contract and billing information in more accessible formats, for example, large type or in Braille.

**Debt and disconnections:** Users in debt with their energy supplier must discuss their situation with the company to reach an appropriate payment agreement, that takes their ability to pay into account. If it is impossible to reach a payment agreement, the company must offer the installation of a prepayment meter.

Utility companies are not allowed to disconnect a household from energy supply in the winter months (from October 1st to March 31st). Furthermore, some companies have agreed not to disconnect any vulnerable customer from the grid during any period of the year, with vulnerable customers understood to be those who, for reasons of age, health, disability or severe financial instability are not prepared to guarantee their personal well-being or the personal well-being of other members of the family.

**Telephone service:** The association representing energy suppliers has implemented a free hotline for vulnerable customers who have difficulties paying their fuel bills.

In Scotland, the energy efficiency scheme: Scottish consumers can receive assistance within the framework of the Energy Efficiency Scheme of the Scottish executive branch.

In Wales, the Nest plan: Nest is a plan enacted by the Welsh government designed to help persons with difficulties paying their energy bills. It offers a package of household improvements to heat more efficiently, without having to face enormous energy bills (insulation, boiler replacement, etc.).

**The Green Deal:** Finally, the British government has also launched an initiative called The Green Deal which allows home and business owners to implement energy efficiency improvements with limited initial outlays. Customers progressively pay off this investment through their energy bills.<sup>5</sup>

## France

In France there is an assistance program for bill payment. It consists of social tariffs, which constitute the basic necessity tariff for electricity and a special solidarity tariff for gas. Jointly financed by consumers, these tariffs make it possible to obtain a reduction over the bill of approximately 90 euros on average for the basic necessity electricity tariff and 156 euros for the heating gas tariff.

The granting of this benefit is based on the utility contract account holder's income, although since March 8th, 2012, social tariffs

<sup>5</sup> <http://www.ombudsman-services.org/downloads/OS%20Annual%20Report%202013.pdf> (website consulted on September 27th, 2013).

have been automatically granted in most cases.<sup>6</sup>

## 7. CONCLUSIONS AND PROPOSALS

In the following section, as a result of the studies performed, a number of conclusions and proposals are taken up. They are divided into operational (proposals 1-11) and regulatory (proposals 12-18) groups.

This difference is based on the idea that the former, of a marked operational character, would allow practically immediate implementation, given that—as opposed to those of the second group—they would not require, at least initially, modification of existing regulations to be implemented.

### 7.1. Operational proposals

#### *Proposal 1: Recognition*

It is essential to recognize and publicly value the initiatives taken by administrations, companies and tertiary-sector entities to address energy poverty.

Up to the present, there have been administrations, companies and social organizations that have taken initiatives with the purpose of helping those who suffer from energy poverty. Some initiatives have arisen from the companies and organizations themselves, often without the support of the Administration, as they have detected a social need that has now become a top priority.

#### *Proposal 2: Coordination*

A second step would be to achieve coordination among these existing initiatives by a body with a comprehensive view over the entire scenario. In this manner, there must be an articulation among the various initiatives now underway by administrations, companies and social organizations with the purpose of increasing efficiency in the application of existing resources and avoiding scattered, fragmented actions.

The creation of a working commission promoted by the Administration of the Generalitat that brought together all involved players, with the goal of achieving the long-term stability of a group effort, could be an initial step to overcome the existing fragmentation and encourage new actions.

#### *Proposal 3: Dissemination*

As a compliment to the foregoing concepts, the administration, companies and social organizations must increase and strengthen the information and dissemination of benefits, tariffs, social discounts and any other existing measure.

This way, importance is to be attached to the creation of a website/database that brings together all existing, updated information by municipalities, sectors, companies and social organizations on social tariffs and/or other benefits and measures meant to tackle energy poverty.

This website/database could be a positive tool for the social services of administrations (especially local administrations), and social organizations that work in this field. But also for the staffs of municipal and county consumer information offices.

As for the social fees on water, the Catalan Water agency must intensify its efforts in dissemination, among municipalities as well as among the supplier companies and citizens in general.

One initial task for the working commission proposed in the previous point must be this compilation and dissemination of the existing initiatives.

#### *Proposal 4: Training*

A specific line of training must be established, addressed to all social workers from the administrations (especially municipal social services) and the social organizations in order for them to have sufficient knowledge and updated information on all of the resources available to face the phenomenon of energy poverty.

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<sup>6</sup>Information provided by the Médiateur National de l'Énergie of France.

Thus, this training must make specific reference to at least three areas in which there are possibilities for action:

- Actions related to utility bills
- Actions related to housing
- Other aid or benefits

Consideration must also be given to the inclusion of staff members from municipal and county consumer information offices in this training, due to their direct contact with individuals who continually come to them seeking information and advice in a given area of consumption, and which, in large part, affects the utility companies (electricity, gas, water).

#### **Proposal 5: Social Inclusion Housing Network**

The network made up by the social inclusion housing units could be an ideal tool for the administrations and organizations that manage them, on the one hand, and the utility companies that are interested, on the other, to address the supplies of electricity, water and gas of many persons who find themselves in situations of vulnerability.

There are several advantages to this formula of fighting energy poverty, given that it allows a very clear identification of the universe of beneficiaries, and a simple forecast of the expenditure on the part of the companies that decide to commit themselves in an annual or multi-annual scope. Furthermore, it makes possible a ready demonstration of companies' cooperation with social organizations that have longstanding experience in the management of this housing.

#### **Proposal 6: Especially protected groups**

The Code of Consumer Rights of Catalonia identifies the especially protected groups, which due to the concurrence of certain characteristics, are more vulnerable when it comes to consumer interactions.

In all cases, this special protection must be granted taking into account the average consumer in the group that the consumer belongs to. Specifically, the especially protected groups include children and adolescents, the elderly, persons with poor health, the disabled and any other group in conditions of special inferiority of vulnerability.

Consequently, the actions and initiatives of administrations and companies must be performed taking into account this legislative determination.

#### **Proposal 7: Information exchange in utility disconnection**

Cooperation and exchange of information among utility companies and basic social services is an essential tool in the detection and prevention of personal and family situations that could wind up being considered energy poverty.

That is why it may be appropriate, before disconnecting electricity, gas or water supply, for the suppliers of these utilities to have a report from basic social services on the situation of the affected individual or family unit.

#### **Proposal 8: Actions on residential buildings**

The low-quality construction found in many buildings is one of the causes of energy poverty. Therefore, even if on a pre-emptive level, mid and long term actions must be taken on housing to properly condition and renovate it.

#### **Proposal 9: Beyond social prices**

Possible initiatives that tackle the problem of energy poverty from a vantage point that goes beyond discounts on the price of services must be analyzed.

More actions along these lines should be promoted in close collaboration with administrations, organizations and companies, such as the following:

- detection of needs related with energy poverty
- support for the purchase/ loan of heating or cooling devices (heaters, fans, etc.)
- performance of minor home improvements
- dissemination of energy-saving tips
- workshops, courses and presentations on domestic economics focused on energy savings
- advising on and development of personalized energy savings plans

### **Proposal 10: Winter moratorium**

There must be an appropriate management by utility companies of the provisions in the Code of Consumer Rights of Catalonia, requiring two bills to go unpaid before supply is cut off, in order for it to have an effect on the most vulnerable persons equivalent to what in other countries is called a “winter moratorium”. In other words, the impossibility that the non-payment of bills for winter consumption leading to the disconnection of supply in winter.

In this regard, there must also be an effort to reach agreements from the utility companies and affected persons in order for them, in light of their payment ability, and the foreseeable increased consumption in the winter months, to be able to divide and defer over the entire year the payment of all or part of the bills for this winter period.

### **Proposal 11: Corporate social responsibility**

Companies must now reexamine the challenge of managing the impact they have on the rights of persons as part of their business corporate social responsibility policy.

The rights of persons are one of the four areas around which companies’ commitment to the fulfillment of the United Nations objectives, the so-called “World Compact” which hundreds of Spanish companies have joined, is articulated.

Consequently, for ethical reasons and matters linked to reputational risk and competitiveness, companies that provide basic services cannot ignore the consequences that their activity has on people, especially society’s most vulnerable members. For this reason, utility companies must incorporate into their social responsibility plans a specific program on energy poverty.

## **7.2. Regulatory proposals**

### **Proposal 12: Actions aimed at educational and training purposes**

Additional efforts are required in energy savings education. Consideration must be given to the possibility of including in the final years of mandatory secondary school an educational module on domestic energy savings to achieve a minimally acceptable level of knowledge that would be of great practical interest in the lives of a majority of the population.

For the prevention of future situations of energy poverty, citizens with basic knowledge regarding essential utilities like electricity, water or gas are needed. To this end, the possibility of introducing into curricula contents that would provide a minimum of knowledge in this area should be weighed.

### **Proposal 13: Butane**

It is undeniable that butane is now a basic source of energy for many people who could be considered vulnerable. Despite the fact that in July, 2011, on occasion of presentation of the draft reform of the Hydrocarbons Act, the Spanish government left open the possibility to establish social discounts for butane, in reality, no advancement has been made up to the present.

Along the lines determined by the Motion 10/X of the Parliament of Catalonia, the Generalitat must prioritize the adoption of measures before the general Spanish administration to establish a social price for butane gas.

### **Proposal 14: Application of social benefits in water and electricity bills of tenants**

There are families with severe economic difficulties, and in some cases, they are large families that do not qualify for the social electricity benefits, or the social fees for water, because no member of the family unit living in the domicile supplied to are holders of the contract, as it is in the name of the owner of the rental property.

Therefore, legislative modifications should be passed that would make it possible to take into account the conditions of the person who has to pay the electricity or water utility bill, even if they are not the account holders of the contract, but rather are the consumer, with the rental contract in their name.

Given that this proposal could lead to the modification of existing regulations, the possibility of considering the conditions of the family unit members residing in a domicile by virtue of a rental contract must be studied, in order for these persons to benefit from the tariffs subsidy in electricity bills or the social water fees, to give two examples, instead of only considering the conditions of the contract holder.

### Proposal 15: IRSC (Catalan economic sufficiency income indicator) threshold

The possibility of establishing a winter moratorium that would establish the non-disconnection of electricity, gas or water supplies due to non-payment in the winter months for persons or families considered to be in a situation of vulnerability should be weighed.

In this regard, and originating in the legal code, there must also be an effort to reach agreements between the utility companies and affected persons in order for them, in light of their payment ability, and the foreseeable increased consumption in the winter months, to be able to divide and defer over the entire year the payment of all or part of the bills for this winter period.

Further, analysis must also be conducted on limiting disconnection of electricity, gas or water supply in cases of persons or family units with income below the IRSC (Catalan economic sufficiency income indicator).

### Proposal 16: Water fee and unpaid bills

Among other changes, the modification of the water fee implemented by Law 5/2012, has led to water utility suppliers having to pay the Catalan Water Agency the water fee that their customers have been charged, even if it has not been collected.

This change means that the utility company—whether it is a concessionaire or local council directly—not only does not collect on what utility users consume, but that they must also cover water fee amounts for the consumption of other parties.

In some cases, supplier companies offer special terms to facilitate bill payment, such as deferral of the pending amount, or dividing up the amount to be paid in several installments.

Consequently, it would seem appropriate to lobby for a regulatory change that makes each of the agents active in water supply responsible for the consequences of non-payment of bills by persons in situations of vulnerability. Most specifically, it would be a matter of the ACA assuming management of the debt corresponding to the water fee in these cases, and adopting the most appropriate measures to do so, taking into account that it is a debt

incurred by persons in situations of vulnerability to face payment of a basic service such as water, or that could be included in one of the especially-protected groups pursuant to the Code of Consumer Rights of Catalonia. Local administrations should take action in similar terms regarding other taxes that are sometimes collected through rate-payers' water bills.

### Proposal 17: Progressive water tariffs

In keeping with the Catalan Ombudsman's suggestions, made on several occasions to local councils, it is necessary to support the establishment of water tariffs that are progressive; in other words, tariffs established by increments, in which the price increases in step with consumption.

It is understood that this rate structure is more advisable than one which establishes a minimum consumption for all users. The advantages of a progressive rate structure can be listed as follows: it discourages water wastage, stimulates savings of a scarce resource and makes it possible to incorporate an initial increment adjusted to basic consumption of persons that would work as a *de facto* social rate.

### Proposal 18. Electrical utility reconnection expenses

Article 88 of Royal Decree 1955/2000 of December 1st, states that “the expenses generated by the suspension of supply shall be the responsibility of the utility supplier, and the reconnection of the utility, in case of justified disconnection, shall be the responsibility of the consumer or qualified subject, who shall have to pay an amount equivalent to double the rights of connection for current users as a compensation for disconnection expenses.”

Smart meters or tele-management must make it possible to perform operations related with electricity supply (admission, removal, power or rate modification, etc.) remotely and within short periods of time.

For this reason, and with a view to the future implementation of the tele-management system, a modification in the regulations in force is proposed so that, when assessing reconnection expenses, energy vulnerability situation of the users whose electricity supply has been cut off for this reason is taken into consideration.

## 8. DOCUMENT SUMMARY AND PROPOSALS

- Energy poverty, defined as difficulty in affording basic utility bills (electricity, gas and water) is a growing social phenomenon.
- The Statute of Autonomy of Catalonia states that all people are entitled to access public services and economic services of general interest in conditions of equality, and that the administrations must set the access conditions and quality standards for these services.
- It is difficult to identify the number and characteristics of people affected by energy poverty, although this situation tends to be the result of a combination of three factors: low income, insufficient quality of housing, and high electricity, gas or water prices.
- There are currently shortcomings in public energy poverty policy, which from the Generalitat (Catalan autonomous community) level of administration would make it possible to approach this growing problem in a holistic, multidisciplinary and coordinated way.
- Other countries, such as the United Kingdom and France, have been adopting measures to address this problem for years.
- Proposals of the Catalan Ombudsman to fight energy poverty (18):

### *Operational proposals:*

1. It is essential to recognize the initiatives that administrations, companies and tertiary-sector entities have been taking to address energy poverty.
2. The Generalitat must promote creation of a working commission that gathers all involved agents, with the goal of achieving stability over time, and a coordinated joint effort.
3. The administration as well as companies and social organizations must increase and reinforce the information and dissemination on aid, tariffs, social discounts and any other existing measure.
4. Specific training must be designed for social workers from the administrations and social organizations on the resources available to address the phenomenon of energy poverty.

5. The network made up by the social inclusion housing units could be the ideal tool for the administration and organizations that manage them, on the one hand, and the utility companies that are interested, on the other, to address the supplies of many persons who find themselves in situations of vulnerability.

6. The activities and projects of administrations must take into account the especially protected groups pursuant to the Code of Consumer Rights of Catalonia, that is, children and adolescents, the elderly, persons with poor health and the disabled.

7. The exchange of information among utility companies and basic social services must become an essential tool in the detection and prevention of personal and family situations of energy poverty, especially in cases in which supply disconnection is foreseeable.

8. Action must be taken in housing units to properly condition or renovate them as a mid and long term prevention measure in cases of energy poverty.

9. Possible initiatives that tackle the problem of energy poverty from a vantage point that goes beyond discounts on the price of services must be analyzed (family counseling, dissemination of energy-saving tips, etc.).

10. Efforts must be made to ensure appropriate management by utility companies of the provisions in the Code of Consumer Rights of Catalonia, requiring two bills to go unpaid before supply is cut off, in order for it to have an effect on the most vulnerable persons equivalent to what in other countries is called a “winter moratorium”.

11. Utility companies must incorporate into their social responsibility plans a specific program on energy poverty.

### *Proposals requiring regulatory modifications:*

12. Additional efforts are required in energy savings education. Consideration must be given to the possibility of including in the final years of mandatory secondary school an educational module on domestic energy savings.

13. The Generalitat must prioritize the adoption of measures before the general Spanish administration to establish a social price for butane gas.

14. Legislative modifications should be weighed that would make it possible to apply social discounts to the person who must pay the electricity or water utility bill, even if they are not the account holders of the contract, but rather are the consumer, with the rental contract in their name.

15. The possibility of establishing a winter moratorium that would establish the non-disconnection of electricity, gas or water supplies due to non-payment in the winter months for persons or families considered in energy poverty, or limiting disconnection of utilities in cases of persons or family units with income below the IRSC (Catalan economic sufficiency income indicator).

16. Consequently, it would seem appropriate to push for a regulatory change that makes

each of the agents active in water supply responsible for the consequences of non-payment of bills by persons in situations of vulnerability, specifically, that the ACA assume management of the debt corresponding to the water fee in these cases, and adopting the most appropriate measures to do so, taking into account the situations or energy poverty.

17. It is necessary to support the establishment of water tariffs that are progressive, in which the price increases in step with consumption.

18. A modification in the regulations in force is proposed so that, when assessing reconnection expenses, the energy vulnerability situation of the users whose electricity supply has been cut off for this reason is taken into consideration.

## Summary table of regulatory modification proposals

| Proposal    | Text of the proposal   | Affected regulation   | Affected administration  |
|-------------|--|---|--|
| Proposal 12 | Additional efforts are required in energy savings education. Consideration must be given to the possibility of including in the final years of mandatory secondary school an educational module on domestic energy savings.  | Educational legislation   | Government of Spain and Autonomous Government of Catalonia (Generalitat) |
| Proposal 13 | The Generalitat must prioritize the adoption of measures before the general Spanish administration to establish a social price for butane gas  | Hydrocarbons legislation <sup>7</sup>   | Government of Spain  |
| Proposal 14 | Legislative modifications should be weighed that would make it possible to apply social discounts to the person who must pay the electricity or water utility bill, even if they are not the account holders of the contract, but rather are the consumer, with the rental contract in their name.   | Electrical sector legislation <sup>8</sup>  | Government of Spain  |
|             |  | Water fee legislation <sup>9</sup>  | Autonomous Government of Catalonia (Generalitat)                         |
| Proposal 15 | The possibility of establishing a winter moratorium that would establish the non-disconnection of electricity, gas or water supplies due to non-payment in the winter months for persons or families considered in energy poverty, or limiting disconnection of utilities in cases of persons or family units with income below the IRSC (Catalan economic sufficiency income indicator).  | Electricity and hydrocarbon sector legislation  | Government of Spain  |
|             |  | Consumer affairs, social service or electrical utility supply quality legislation <sup>10</sup> | Autonomous Government of Catalonia (Generalitat)                         |
|             |  | Municipal ordinances  | Local administrations  |
| Proposal 16 | Consequently, it would seem appropriate to push for a regulatory change that made each of the agents active in water supply responsible for the consequences of non-payment of bills by persons in situations of vulnerability, specifically, that the ACA assume management of the debt corresponding to the water fee in these cases, and adopting the most appropriate measures to do so, taking into account the situations or energy poverty. | Water fee legislation   | Autonomous Government of Catalonia (Generalitat)                         |
| Proposal 17 | It is necessary to support the establishment of water tariffs that are progressive, in which the price increases in step with consumption.   | Municipal ordinances  | Local administrations  |
| Proposal 18 | A modification in the regulations in force is proposed so that, when assessing reconnection expenses, the energy vulnerability situation of the users whose electricity supply has been cut off for this reason is taken into consideration.   | Electrical sector legislation   | Government of Spain  |

<sup>7</sup> Law 34/1998, of October 7th, on the hydrocarbons sector.

<sup>8</sup> Law 54/1997, of November 27th, on the electricity sector.

<sup>9</sup> Legislative decree 2/20013, of November 4th, approving the Consolidated Text on Water Legislation in Catalonia.

<sup>10</sup> Law 22/2010, on July 20th, on the Code of Consumer Rights of Catalonia; Law 12/2007, of October 11th, on social services and Law 18/2008, of December 23rd, on the guarantee and quality of electricity supply.



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