



REPUBLIKA E SHQIPËRIË
ENERGY REGULATOR AUTHORITY

**ASSESSMENT ON THE REGULATORY POLICIES FOR THE PROTECTION OF
VULNERABLE CUSTOMERS IN POWER SECTOR**

Drafted by: Erjola Sadushi

Elton Rradheshi,

Julia Guga,

Brunilda Tavani

Agron Çomo,

Miglana Selimi,

Alba Malo

Approved by: ERE Board

Petrit Ahmeti – Chairman

Raimonda Islamaj – Board Member

Maksim Shuli - Board Member

Petra Lika – Board Member

Erjola Sadushi - Board Member

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Introduction

The use of energy is essential to ensure an adequate standard of living and health. In Europe, the energy poverty is an increasing concern that endangers the health and well-being of million of citizens. According to the latest estimates, published from the European Parliament it results that about 36 million of citizens of the European Union cannot keep their homes adequately warm.

In EU level, the European Commission initiated to involve the customer protection and the support of the low-income customers for the energy supply purposes

At the EU level, the European Commission began incorporating consumer protection and support for low-income consumers for energy supply purposes around 20 years ago. Later, in the 2009 Energy Package, the concept of energy poverty was introduced, but ultimate responsibility was left to each member state.

Despite the increased number of the countries that officially recognize the energy poverty concept in their legislation or policy, the majority of the Member States does not have an official definition and there are many discussions on policy-making level, to handle the multi-dimensional concept of energy poverty.

The energy poverty is widely recognized as the *inability of the families to maintain suitable levels of energy services with a comfortable cost.*

There are various factors used for the assessment of the indicators that influence to energy poverty levels, such as climate variations, fuel availability, the type of stock, performance, high costs of living, etc. Energy services and providers that maintain such data, become the main actors for the right instruction of the policies.

The definition of energy poverty is not harmonized across Europe. In general, the energy poverty definition is associated with the inability to ensure sufficient energy services at home.

The definition of energy poverty is associated with vulnerability, which in the context of EU policies discourse, *is associated with the limited ability of the families to fully access the benefits provided from the internal energy markets.*

According to EC assessment for the National Energy and Climate Plans (NECPs) integrated in 2019, it is observed that energy poverty shall be handled in a more structured way from the Member States, which shall identify the measurable objectives to reduce energy poverty accompanies with the targeted groups, the respective policies and measures as well as the possible financing sources.

While there is an overlap to the vulnerable customer and energy poverty concepts, it is important to recognize energy poverty as a specific issue. Given that the incomes are one of the stimulators of vulnerability, there exist a correlation between the vulnerable customer and energy poverty. However, energy poverty is a more specific concept, which is referred to the relation between the restricted budget of the family and the energy cost. Energy poverty is also very much related with poverty in general. The families face various costs to achieve the same level of warm for different reasons except of the incomes, such as energy efficiency of the building or the ability of the family to co-operate with the market. Furthermore, a sufficient level of energy is essential for the citizens.

This assessment, aims to provide a general overview of what has been done in EU level, the Energy Community Treaty countries, as well as in our country. The main objective is to identify and set available an information regarding the so far experiences for energy poverty, the general concept, its dimensions and the supporting factors and mechanisms to facilitate energy poverty.

1. Energy poverty and the vulnerable customers in EU



At EU level, Clean Energy package – Clean energy for all Europeans, approved a set of eight legislative acts regarding energy and the european customers, with the main objective to set energy efficiency on the first plan, to achieve the global leadership in renewable energy and to provide an appropriate agreement for the customers.

These documents were published for the first time by the European Commission on November 2016 and terminated with the publication of the final texts at the Official Journal of the European Union on June 2019, following a trialogue between the European Union, the Council and the Parliament.

This package includes some Directives on energy poverty as follows:

- The Energy Performance of the Buildings Directive (EPBD) requires that the respective actions to facilitate energy poverty, shall be integrated to the national renewal strategy and that less efficient buildings shall be prioritized for renewal. This requires that the member states shall promote equal access on the finances for the renewal of the customers subject to energy poverty. The member states shall also implement the requirements for a certain level of energy performance for the rental properties.
- Energy Efficiency Directive (EED) requires that certain of measures, according to Article 7, (obligations of energy efficiency or alternative measures) shall be implemented between the vulnerable households, including those affected by energy poverty. The investments for renewal, shall bring multiple benefits, for the households subject of energy poverty, as well as for efficiency and climate purposes. The directive also specifies that the Member States shall establish the programmes for the Member state level, that shall provide financial support for the efficiency measures. The households subject of energy poverty shall access on these schemes.
- Energy Directive aims the re-design of the electricity market to be more flexible and integrating and better for energy renewable resources, as well as to ensure that the customers shall be better protected and strengthened to electricity markets in all Europe. They shall have access to the intelligent metering systems and shall be protected from the increase of the electricity prices. Article 28, mentions the need that the countries shall adopt the vulnerable customer concept. Article 29, requires that the Member states shall develop a series of criteria to identify the households subject to energy poverty within their countries, to be able to provide the targeted support. The member states are further encouraged to share the best practices to make this.
- Renewable Energy Directive (RED) encourages the access to renewable sources for the lowest income customers and for vulnerable customers, through the informative measures, available to all customers, including low income customers and the un-protected customers. On article 21 it is specified that the unjustified barriers to financing shall be handled to facilitate the access. The renewable energy communities shall be open for all customers and shall be implemented all the means to facilitate the access to information and financing.
- The governing regulation shall require to the member states to identify the energy poverty levels and to describe the solutions to handle them on their National Energy and Climate Plans (NECP).

Therefore, on EU level, the concept is included in many provisions of the five abovementioned acts.

Referring to the ¹ Heal 2019 study of the European Commission it results that:



On 2019, 15% of the Europeans lived in houses with uninsulated roof, damp walls, floors or uninsulated foundations. This percentage, translated into figures represents over 50 million people. To have a clear idea of the abovementioned impact, we shall be aware that up to 100,000 Europeans die each year due to a cold house.

For assessing the abovementioned data, that shall be considered to the energy poverty impact of the population, shall be considered the fact that 80 million of persons to the EU, resulted to delay or were unable to pay their invoices for the utilities on 2019. The abovementioned data are increased in an exponential approach during Covid19, while the persons were isolated on their houses, either due to the impossibility of ensuring electricity, the failure to liquidate the obligations for ensuring electricity or even the lack of efficiency on their buildings to guarantee the minimum level of the conditions that are guaranteed by the electricity supply.

The international data, conclude that 1 to 10 Europeans are unable to ensure their proper warm in their houses on winter and similarly, 1 to 5 Europeans are unable to provide adequate cooling in their houses during summer. Over 50 million Europeans are unable to ensure proper heating or cooling in their homes or find themselves in inadequate shelter, leading to 100,000 premature deaths per year.

- The share of income that low-income families allocate to energy supply is doubled since the year 2000.
- The economic burden of in-adequate shelter reaches over 194 miliard Euro/ year to the public health costs.
- In Europe, the buildings compose about 40% of all consumed energy and 36% of greenhouse gas emmissions.
- More than seven to ten buildings are on the conditions of energy efficiency lack.
- For any increase of about 1% of energy efficiency objectives, 7 milion of people may be removed from energy poverty.

The member states have undertaken a series of measures as may be further evidenced on this study but there is still much work to be done to ensure that energy poverty shall be handled on policies and financing programs.

The European Commission lately approved the Fit for '55' package, to reach the climate objectives for 2030 of EU. Fit reflects the purpose to reduce the net emissions from at least 55% to 2030 compared to 1990. The new legislation of EU commission includes the important measures to strengthen enegy efficiency laws, to assist in handling energy poverty.

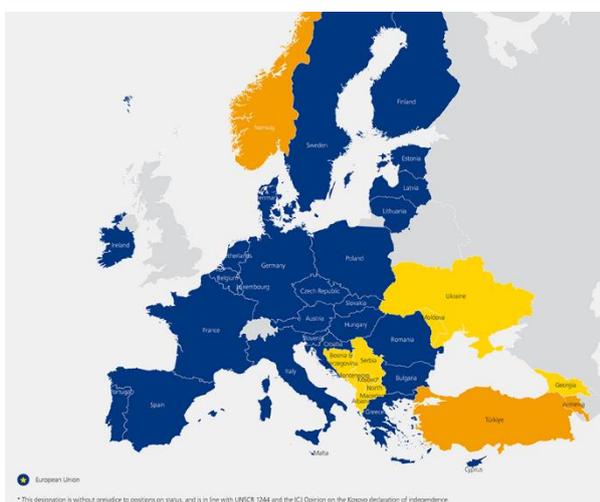
¹ European Commission study 2019, HEAL 2019, Eurostat 2019, BPIE 2019

2 Energy poverty and of the vulnerable customers at the Contracting Parties of Energy Community Treaty.

At the Energy Community -Study on Addressing Energy Poverty in the Energy Community Contracting Parties above all it is evidenced that energy poverty:

- Exists in six contracting parties of Energy Community: Bosnia and Hercegovina, Croatia, Kosovo, Moldova, Monte Negro, Serbia.
- In Moldova, are handled the acts that do not directly relate with Energy.
- Although, in all of the Contracting Parties of Energy Community, some categories of customers are protected regarding energy ²

The rate of energy poverty in Energy Community are the highest in Europe. This is due to historical, economic, and infrastructural factors, coupled with energy sector reforms during the transition from communism. Energy poverty was further exacerbated by the COVID-19



pandemic, leading to increased unemployment, reduced family incomes, and an increase in energy demand in the region. All of these factors contribute to energy poverty. Every contracting party is obliged to define the vulnerable customer's concept that may be referred to energy poverty and above all, the prevention for the electricity/natural gas interruption to such customers in critical time "and also" to take the appropriate measures, such as drafting national energy action plans, providing the benefits to social security

systems to ensure the necessary supply with electricity/natural gas for the vulnerable customers, or to ensure the support for the improvements of energy effectiveness, to handle energy poverty where identified, including within the broader context of poverty. These measures shall not prevent the effective opening of the market. From the Energy Community study all of the Contracting Parties have definitions of vulnerable customers and that the definitions are closely connected with the social concept (the incomes) and the health status. In other words, the status of the vulnerable customer is given in principle to the customers that comply some social and health criteria. Other aspects that contribute to energy poverty, such as the electricity effectiveness of the homes, gender and the electricity needs are not considered. To ensure that the contracting parties protect all of the families subject to energy poverty, it is proposed that all contracting parties shall approve a definition of energy poverty.

² Energy Community -Study on Addressing Energy Poverty in the Energy Community Contracting Parties

On the analysis of Energy Community are highlighted the main institutions included on vulnerable customers protection, together with the existing policies that aim to give them support. The analysis reveals that all community parties (except if North Macedonia 229) implement only the supporting measures of the incomes as the main mean to assist the vulnerable customers, a mechanism that may temporarily reduce the energy poverty burden, but such measures do not remove the main causes. As mentioned before, the support of the vulnerable customers includes two types of supports the economic and the not economic one. The economic support is realized through the specific tariff scheme or through the budget support at the electricity invoice, as in the case of Albania. The not-economic support includes the uninterrupted of the supply mainly for the customers with difficult health conditions. The main institutions included on the supporting mechanisms for the vulnerable customers include the central institutions, the ministries, the regulatory authorities and the local authorities.

3. The factors influencing on energy poverty assessment.

The energy poverty is a combination of many factors (such as the job status, health, the economic incomes, the spread of public support, etc), the cost to maintain a warm house may be a contributor for the economic poverty (especially for the low income families).

Concretely, the energy poverty is influenced from some social and technical aspects. At the study *Tackling energy poverty and enhancing energy poverty in non-profit organization* are evidenced the factors/aspects that cause or may influence to energy poverty divided into:

The social aspects

- Health

A house that is not warmed appropriately may lead to health problems such as respiratory, circulatory, and cardiovascular issues, as well as long-term mental health and well-being concerns. Studies have shown that low-income families are more likely to use medical services. Children in such families are also more likely to visit a doctor or primary care center (Lidell 2008, Thomson 2011).

- Education

Another element connected to the quality of living is the education which has a long-term impact on literacy, numeracy, and social inclusion, thus increasing employment opportunities and overall life quality. Access to modern, clean, and affordable energy options can help create a more favorable environment for children, encouraging school attendance and reducing dropout rates.

On the other hand, investing in rental properties is more challenging because property owners may see the improvement of healthy home conditions as a cost, especially when they do not benefit from free energy invoices, implying a lack of incentive for implementing necessary energy efficiency measures.

- *Gender element*

Due to their lower average incomes, women are at a higher risk of energy poverty than men. In countries within the Organization for Economic Co-operation and Development (OECD) and also in non-OECD countries, women continue to be on a disadvantage compared to men in terms of employment conditions, representation in governmental and decision-making institutions, and exposure to unpaid roles.

- *Covid 19 Pandemic*

In energy poverty, an additional element is the impact of Covid-19. The number of poor families is expected to increase due to Covid-19, which has also affected energy poverty, reinforcing inequalities in terms of housing, health, employment, and dependence from public transport.

Furthermore, due to the increased (mandatory) presence at home, there was an increase in electricity and heating/cooling consumption, impacting the invoices payments, with higher consequences for more vulnerable families, choosing between their essential needs such as the access to energy or food.

During the Covid 19 alarm status, the member states of EU implemented the respective measures regarding the right of electricity and the guarantee of essential supplies.

Technical aspects

Energy efficiency on buildings is a technical aspect that also impacts energy poverty.

Except of the economic support in financing the possible renewal to increase energy efficiency, other aspects of efficiency on buildings are the support at all planning, financing and implementation stages of the interventions which shall take into consideration the receive of appropriate information regarding:

- **The structure Origin:** Information on the structure of the building to the assessment date and including the interventions that have changed the structure. Events that have partially/fully damaged the construction and the targeted usage of the building over time.

- **Energy origin:** The provision of the information on the electricity installations that may be issued from structural resources, the electricity invoices etc.

To perform the appropriate solution the means are used consist in:

Energy audit: That is a means that requires information and documentary activities in the country.

Energy Performance Certificate (CPE): It may be beneficial during the preliminary review of the building's energy situation.

Information provided from CPE, in the contrary of the Energy audit, is not connected with the current conditions of using the building and neither the energy consumption resulted from the invoices, but indicates the energy performance on the buildings according to the “ideal” usage conditions (Standard interruption of Energy Efficiency).

Some of the main interruptions of energy efficiency that may be undertaken on a building include:

- Termo isolation of the roof and the external walls.
- The replace of the windows.
- Replace of the boiler
- Solar panels on the roof for hot water production.
- Replacement of light equipments with LED lights.

Energy vulnerability in Energy Community countries

The families on the conditions of energy poverty, constitute a heterogenic target group. Economically vulnerable and/or disadvantaged families often confront with a combination of low-income situations, increased fuel and electricity prices, as well as homes and technical appliances that are not energy-efficient. Together with other individual problems (such as poor education, mental and/or physical health issues) and the structural impediments (such as regulatory barriers to changing suppliers), that may lead to energy overburden and energy poverty. Who is mostly affected from energy poverty/vulnerability? The families that receive social benefits, low incomes individuals, single parents and retired persons are the most vulnerable groups with a risk level of poverty that is significantly over the average.

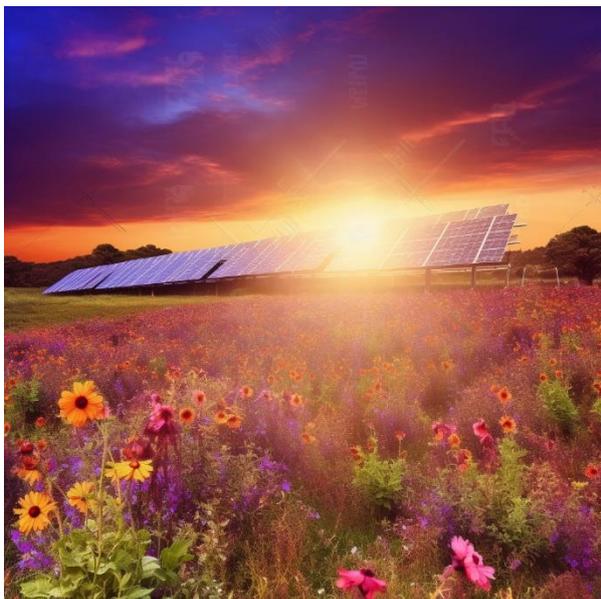
At the category of the families in energy poverty conditions may be included individuals with social benefits, or individuals that live in not-secure social-economical conditions, due to unsecure work conditions such as part time job, restricted/temporary contracts, with low or no job protection, low incomes (i.e without social benefits), and/or individual circumstances (such as health issues or disabilities; the family structure, e.g, single parents) can be included.

There are two known barriers for energy efficiency that are related to energy poverty:

1. Allocated incentives, which occur when the party responsible to pay the electricity invoices (tenant) differs from the party undertaking capital investments for energy efficiency (landlord); and

2. Blocking effect occurs when tenants are locked in their current housing situation, or where investments in energy efficiency face legal or technical barriers, thereby undermining the status of families. The majority of supportive policies are based on the premise that housing choices for families in energy poverty conditions depend primarily on financial support.

In the Contracting Parties of the Energy Community, the percentage of the population unable to afford proper heating is even higher, ranging from 9.5% in Serbia to 35.8% in Albania. The COVID-19 pandemic and the Russian occupation of Ukraine have impacted energy markets in an unprecedented way, reinforcing the dramatic rise in energy prices and concerns about energy supply. High energy prices and rising inflation, causing a decline in real family incomes, are expected to significantly increase the number of families in energy poverty conditions and worsen their quality of life. The Energy Community study highlights that the consequences can be particularly harsh for the Contracting Parties of the Energy Community. Informed planning, efficient and effective measures in line with the goals of the energy transition, and close monitoring of implementation are needed more than ever to facilitate energy poverty.



Pasqyrë e gjendjes së **konsumit familjar**

Përqindjet ndaj totalit të konsumit real për frymë sipas rajonit
Percentage of real consumption per capita by region

(%)

	Për ushqim	Për konsum jo-ushqimor	Për shërbimet bazë	Për edukim	Për pajisjet afatgjatë	
	Food	Non-food	Utilities	Education	Durables	
Rajoni	2002					Region
Bregdetar	62.8	21.3	12.3	2.5	1.2	Coastal
Qëndror	66.6	17.4	12.8	2.1	1.2	Central
Malor	66.1	20.5	9.6	2.9	0.9	Mountain
Tirana	59.5	21.4	15.6	2.2	1.4	Tirana
Gjithsej	64.5	19.4	12.6	2.3	1.2	Total
Rajoni	2005					Region
Bregdetar	57.8	25.2	13.2	2.8	1.1	Coastal
Qëndror	62.2	22.8	12.0	2.2	0.7	Central
Malor	59.9	26.8	10.3	2.3	0.8	Mountain
Tirana	53.6	26.4	15.4	3.6	1.0	Tirana
Gjithsej	59.2	24.5	12.7	2.7	0.9	Total
Rajoni	2008					Region
Bregdetar	58.9	21.3	14.5	4.8	0.5	Coastal
Qëndror	60.2	22.1	14.5	2.8	0.5	Central
Malor	59.1	22.1	13.8	4.5	0.6	Mountain
Tirana	48.9	27.5	19.1	4.0	0.6	Tirana
Gjithsej	57.7	22.7	15.2	3.8	0.5	Total
Rajoni	2012					Region
Bregdetar	58.9	20.3	17.0	3.2	0.6	Coastal
Qëndror	60.7	18.5	16.7	3.5	0.6	Central
Malor	57.9	20.9	16.0	4.7	0.5	Mountain
Tirana	52.7	22.4	21.0	3.1	0.7	Tirana
Gjithsej	58.4	20.0	17.6	3.4	0.6	Total

Burimi: Anketa e Matjes së Nivelit të Jetesës, AMNJ 2002, 2005*, 2008*, 2012*

*Pas publikimit të shifrave të plota të popullsisë për vitet 2001-2014 në maj 2014, është rishikuar seria kohore e të dhënave të AMNJ 2005, 2008, 2012.

Referuar të dhënave të publikuara nga Instat rezultojnë se pesha specifike që zënë utilitetet (energjitë) në shpenzimet familjare në shqipëri shkon në masën nga rreth 12% në atë 17% në vitin 2012, ç'ka zë një peshë të vogël krahasuar me rreth 60 % që zënë shpenzimet për ushqim. Pavarësisht sa më sipër, vlerat e mësipërme duhen pare në mënyrë krahasimore me të ardhurat të cilat po sipas instat rezultojnë si vijon :

Shpenzimet mesatare mujore për konsum të familjeve shqiptare	84.547	lekë
Të ardhurat mesatare mujore për frymë/ të ekuivalentuara	30.962	lekë

The comparative values of the average incomes, with average expenses per capita, considering the proportion of expenses for food in the family budget, place families with low incomes in

conditions of vulnerability, making it impossible for them to afford this essential commodity such as energy.

The average number of the families that benefit from economic assistance to the end of 2021, according to INSTAT data, results in 67.956 families. Referring to INSTAT, the expenses for electricity, water, fuel, rent, and small repairs occupy an average value of the monthly expenses of about 8.496 ALL, that means 10,0% of the family budget in total.

4 Establishment of the European Union Energy Poverty Observatory and the Energy Observatory Hub.

In the framework of the incentives to handle energy poverty, the European Commission funded the EPOV Project, implemented by a consortium of 13 organizations, including universities, advisory groups, analyst groups, and the business sector. The Energy Poverty Observatory (EPOV) of the EU is an initiative by the European Commission to assist member countries in their efforts to combat energy poverty. This observatory exists to improve monitoring, oversight, and sharing of knowledge and best practices on energy poverty. The EU Energy Poverty Observatory acts as a distributor of information, of initiatives, policies, and stakeholders operating in this field, seeking to address the phenomenon of energy poverty and its consequences across Europe. It provides educational resources and links to local authorities, as well as a series of networks for measuring and monitoring the problem. For the first time, a comparative and detailed overview of the "symptoms" of energy poverty is provided, as manifested in each EU member state. Its primary role is to serve as a reference point where decision-makers and activists can access and share knowledge about energy poverty. For this purpose, the Observatory can develop strategies to combat energy poverty at the European level.

The EU Energy Poverty Observatory, is an incentive initiated by the European Commission on December 2016 and its web platform is available since January 2018. Its main role and the implementation of the policies declared to the "Clean Energy Package for all Europeans" that means how crucial it is for the development of energy poverty in European and national levels. Its 15 missions include the protection of consumers, especially the vulnerable ones.

This becomes even more apparent when examining the rapid evolution of the energy market. At the same time, the Observatory emphasizes the need to develop in details the issue of energy poverty with the goal of preparing and developing effective strategies to combat it at pan-European, national, and local levels.

The data and information available on the web platform about Energy Poverty Observator of EU do not deal with the policy and the decision-takers, but also remind to the public to share the confusion surrounding the roots of the issue and its (qualitative, quantitative, and geographical) definition, best practices and policies to combat it, and finally its connection to other policies (such as climate policies, air quality policies, public health, etc.) The Observatory serves as a central hub for up-to-date knowledge and data, and what is crucial is that it facilitates

breaking down barriers and enables skill development through educational resources and the provision of technical assistance.

EU Observatory for Energy Poverty (EPOV), was the previous project of the Energy Poverty Advisory Hub, and is currently integrated within the EHAB. The mission of EPAH is to be the central platform of Energy Poverty Expertise in Europe for the local authorities and all the players interested in taking the decision to combat energy poverty in Europe, by providing direct support, online trainings and research results and to build a collaborative network of the interested parties in taking the measures to combat energy poverty in Europe. EPAH currently realized a series of practical guidebooks for the local governments and the practitioners, ensuring that the social dimensions of energy transition are effectively addressed. This series includes:

- The "Introduction to the EPAH Handbooks: A Guide to Understanding and Addressing Energy Poverty" ;
- "Manual 1 of EPAH : A guideline for the Diagnosis of energy poverty” which focuses on the practical assessment of energy poverty in local level.
- "Manual 2 of EPAH: A guideline for the action planning for energy poverty allevation” which provides information how shall be prepared and integrated the plan for energy poverty allevation within the Social Local Planning of the Climate.
- "Manual 3 of EPAH: A Guideline for Implementing the Actions of Allevating Energy Poverty” which provides information for the execution of an effective project of energy poverty.

These handbooks serve as a guideline to better understand the energy poverty phenomena in local and central level to push for tangible challenges.

5. Monitoring Energy Poverty

In DG ENER – ENER/B3/507-2015 study "Selecting Indicators to Measure Energy Poverty", it is highlighted that there is a diversity to the approach of energy poverty issue.

This diversity reflects different approaches taken across the EU, metrics based on expenses. The indicators based on expenses for energy poverty stem from the level of the expenses for energy. They may be defined as a percentage of the incomes or in absolute terms. In practice the assessment of energy poverty consists in comparing the metrics of the expenses (part of energy expenses compared with the absolute incomes or expenses in monetary terms) with a normative threshold. A family may be considered as poor in energy if its level of the expenses is very high (over a defined threshold) or very low (below a defined threshold).

Can be distinguished three types of metrics that use the thresholds.

1. The high cost of metric energy cost referring to the families exceeding the norms of energy expenditure models. Therefore, it considers the families as energy poor where the energy costs (as part of the incomes or in absolute terms) spread over a specific threshold.

2. Low income meters available which classify as poor energy those families that have low remaining incomes after their energy cost. These meters are for those families, whose available incomes, after the energy cost, are under the defined threshold.

3. Insufficient meters of energy expenses that is only for energy expenses compared with the minimum level that is considered necessary for a family to enjoy the basic services.

These meters are classified as subjects of energy poverty, the families whose energy costs are under a defined threshold. This is an essential concept of HEP, calculated according to the Belgian Energy Poverty Barometer (KBF 2015). To the Poverty Barometer the threshold to define whether the energy expense is “abnormally low” is based on the models of incomes consumption which shall be a sufficient energy expense considering the number of persons in one family and the size of the building”. On the other hand the consensual meters, are those that identify those families that declare to be confronted with difficulties to comply the basic services of energy (“perceptual deprivation”).

Self-reported indicators can provide an effective way to understand the perceived energy poverty. This family of indicators can serve as a 'backstop' or complement to other indicators. The main basis for assessment so far.

The main strength of expenditure-based meters is that they accurately capture the extent of energy poverty, referring to the concept of "required" expenditures. Generally, expenditure-based metrics also have some further disadvantages:

The approach is not standardized; Meters are not comparable to all Member States; They do not cover hidden energy poverty; They do not consider overall living conditions and the evolution of energy prices; and (they do not take into account the actual energy needs of families.

Regarding the expenses thresholds for these meters, there is not a preference regarding the threshold, because the levels of the incomes differ in all Member States with the pass of the time.

As such the threshold may differ for different groups of the Member States. There is an amount for the use of relative threshold (e.x double the average expenditure). Also the use of a threshold regarding the minimum incomes may be comparable at all Member States.

Consensual metrics have the advantage of easier implementation, as there is a standardized survey base across all Member States (SILC). It provides an insight into energy poverty issues based on information about the actual energy needs of families.

Its main weaknesses are that it is difficult to interpret due to its subjective nature, the survey is not comprehensive enough, responses may underestimate energy poverty because families may be unwilling to admit they are struggling with energy service payments, and this depends on the group of families selected for the survey.

The approach based on conclusions is less preferred as the main meter of energy poverty. Its main weakness is the difficulty to implementation. It is difficult to clearly identify the results of energy poverty; above all the results connected with health and society are very complex to be metered accurately. There is also an uncertainty in capturing the current situation of the issue because it is concentrated only to conclusions and does not consider the causes of energy poverty. The hidden energy poverty may be included in using the consensual indicators, e.x the house temperature level. On countries where the temperatures are milder (compared to the

national average) , this shall not be necessarily seen as a problem. A comprehensive indicator of hidden energy poverty is submitted to the Belgian Barometer of Energy Poverty.

The relative threshold for the hidden energy poverty is determined for each family as the half of the energy expenditures of similar families with the same composition and housing size. General conclusions: The approach based on the expenses is perhaps more suitable for the moment (with some reserves) to measure energy poverty at all Member States, but the experts argue that the ideal indicator shall be an estimated quantity of the required energy, which usually is not realised.

The consensual method may be also used to measure energy poverty if the study's quality is improved. It is essential to include supporting indicators when measuring energy poverty. The most important ones are those related to the efficiency of the energy action stock and the energy market.

When the meter based on the expenses is used, the threshold shall be set compared with the current share of the Member States. It is reasonable to be implemented the selected indicators not only for the families with less incomes. The families, whose energy expenses were lower were identified considering the energy expenses of similar families (composition of the families and the size of the houses). The relative threshold for the hidden energy poverty is defined for any family as half of the energy expenses of similar families with the same family composition and the same size of the house.

General conclusions: The approach based on the expenses is perhaps the most suitable for the moment (with some reserves) to measure energy poverty at all Member States, but the experts argue that the ideal indicator shall be a quality estimated for the required energy, which usually can not be implemented.

The consensual approach may be used to measure energy poverty, if the quality of the study shall be improved. It is important to include the supporting indicators when metering energy poverty. The most important ones are connected with the stock effectiveness of the energy shares and the energy market. When it is used the meter based on the expenses, the threshold shall be set compared to current distribution at the Member States. It is reasonable to implement the selected indicators not only for low income families.

6. Energy poverty programmes

There are various measures, all designed and implemented according to different country-specific situations. They can be categorized as follows:

- i) short-term financial interventions to handle the immediate resilience concerns;
- ii) additional consumer protections specifically targeted to vulnerable consumers, especially in domestic energy markets;
- iii) measures to enhance energy efficiency by addressing structural issues of energy poverty; and
- iv) improving consumer awareness and information.

The formulation and implementation of these measures are a key function of the policy framework. Demographics involve characterizing groups that may be at risk of energy poverty for reasons not necessarily connected to incomes (the elderly people, disabilities, rural communities, single-parent families, etc.). This also includes the size of families, which can be a factor in the level of demand for energy services. Regarding vulnerable groups, the majority of Member States have, in some way, identified vulnerabilities based on socio-demographic groups; for a useful perspective. In the recommendation of the SWED Commission (2020) 960, it is stated that "*heating, cooling, lighting, and the right energy for electrical appliances are essential services that support an adequate standard of living and health. Access to energy services is crucial for social inclusion.*" Although, energy poverty constitutes one of the significant residential challenges in the construction sector for the EU and its member states. The phenomenon can be defined as the state of "anyone who, in their accommodation, faces particular difficulties in obtaining the necessary energy to meet their basic energy needs due to inadequacy of their resources or housing conditions. "Energy poverty results from a combination of low incomes, high energy expenditures, and poor energy efficiency of systems, especially building energy performance. Energy poverty is a significant issue in the EU; before the COVID crisis, around 7% of the population of the EU-27 reported an inability to adequately heat their homes in 2019.

Energy poverty results from a combination of low incomes, high energy expenditures, and poor energy efficiency of systems, especially building energy performance. Energy poverty is a significant issue in the EU; before the COVID crisis, around 7% of the population of the EU-27 reported an inability to adequately heat their homes in 2019.

Conditions resulting from energy poverty can impact both residential and workplace buildings, with significant consequences. Inadequate comfort and sanitary conditions, such as inappropriate indoor temperatures, insufficient air quality, and exposure to harmful chemicals and materials, contribute to lower performance, health issues, and higher mortality rates. Qualifying the number of vulnerable and/or socially unprotected families, as well as formulating policies and measures aiming to facilitate the phenomenon, should take into account a range of specific parameters. Climate conditions, housing quality, economic foundations, energy cost structures, and mobility patterns all need to be considered. Measures to handle energy poverty in National Energy and Climate Plans (NECPs) of Member States with high levels of their population living in energy poverty should include indicators of objectives, relevant policies, and measures contributing to alleviating the issue in their NECPs, as required by the EU Regulation on the governance of the Energy Union and Climate Action (EU) 2018/1999. Therefore, energy poverty poses a significant and urgent challenge for national governments. The economic and environmental consequences of the issue require an inter-sectoral approach. This need arises from the connections between objectives and the necessity for social and environmental policies and measures. It also calls for a combination of public policies that combine energy efficiency with social protection, with particular attention to inequalities.

In the National Energy and Climate Plans (NECPs) presented to the European Commission (27 countries plus three regions of Belgium), there are various types of ongoing and planned measures to address energy poverty:

Social and welfare policies and incentives.

- Measures against disconnections.
- Energy expenditure and/or reduced electricity and natural gas tariff prices. Energy Efficiency Obligation Schemes (EEOS).
- Subsidies, renovation funds, financial instruments, and incentives for building renovations.

Information and awareness-raising measures. Specific action programs/plans against energy poverty. Other supportive measures:

"Subsidies - dedicated funds, financial instruments, and incentives for building renovation" are the most represented, followed by "social and welfare policies and incentives."

The main types of measures chosen by Member States to facilitate energy poverty are:

- Social and welfare policies and incentives (53%).
- Subsidies, ongoing funds, financial instruments, and economic incentives for building renovation (e.g, for improving building energy efficiency, installing smart meters and/or photovoltaic systems). (57%).
- Information and awareness measures (37%).
- Protection from disconnection/interruption (10%).

The general incentive schemes vary in different countries and consist in:

- Tax deductions for the renovation of existing building energy (Ecobonus and Superbonus). In Italy, for example, since 2007, under Ecobonus, residents investing in energy efficiency measures carried out in common parts of social housing buildings receive tax reduction rates of up to 70%-75%.

Another program is the one implemented in Poland - Clean Air and programs to combat smog. The 'Clean Air' program offers grants to reduce the costs of construction materials, equipment, and services related to a modernization and renovation project for heating systems in single-family homes. The program is aimed at all municipalities that can demonstrate poor air quality in their territory. The program covers the following actions, carried out by the municipality and funded by public funds up to 100% of their value: Replacement of heating equipment or systems with those that comply with low-emission standards. Removal of heating equipment or systems and connection to the heating, electricity, or gas network.

In Slovakia, there are laws against energy poverty. Several legislative acts are in force that create conditions to address energy poverty: The Act on subsidies for housing development and on social housing provides grants for the elimination of systematic defects in apartment buildings. They can be used for obtaining rental apartments for social housing, for acquiring technical equipment. The Act on the State Housing Development Fund provides loans for insulating existing apartment buildings. Additionally, in Slovakia, the 'State Housing Development Fund' offers non-repayable grants or favorable loans to improve the thermal

insulation of residential buildings and apartments. It is targeted at individuals, families, and associations of homeowners.

In Ireland, specific schemes are implemented, such as: The Better Energy Homes Scheme targets low-income families and provides grants to assist in improving the energy efficiency and warmth of homes, including grants for deeper measures and heating improvements. The Better Energy Communities Scheme supports low-income families to enhance the energy efficiency of homes.

The Housing Improvement Program by Local Authorities aims to improve social housing stocks. The Shelter Aid for Older People Scheme supports seniors in enhancing the living conditions of their homes, including insulation and heating improvements. The Housing Adaptation Grant for People with Disabilities provides grants for works in residences to meet the needs of individuals, especially for a person with a physical, sensory, or intellectual disability or mental health difficulty.

7 - Energy Communities for facilitating Energy Poverty.

"Energy communities provide effective local supporting networks, creating common solutions and solidarity in the face of the escalation issue of energy poverty. Energy poverty is generally handled through its three main components: low incomes, poor thermal efficiency, and high housing and energy costs.

Although another crucial factor, is the lack of the citizens engagement and the ownership in the current energy system. This allows for daily challenges, leads to inefficient energy behaviors, and results in a lack of recognition of the interconnection between social justice issues and our energy system. The current climate and the fossil fuel crisis with the increase of the energy prices have added to the already prevalent feelings of frustration and of the inability between the citizens, that has been accompanied with a greater focus to the citizens and of the communities across Europe to stand up and hold on a stance to (re)claiming power, creating a vibrant movement of citizen energy initiatives. On 2018, the EU legislation recognized the energy communities and the citizens for the first time as active participants to the energy system. We can now find definitions for the Citizens of Energy Communities to the (EU) Energy Market Directive 2019/944 and Renewable Energy Communities (REC) to the (EU) Renewable Energy Directive 'RED II' 2018/2001.



This recognition comes with a legal obligation for the Member States to create a framework capable of supporting the energy community in their country. Emphasis is placed on the importance of the participation of vulnerable and low-income families as they can help "in the fight against energy poverty through reducing consumption and lower supply tariffs" (Directive (EU) 2018/2001).

Therefore, Member States shall ensure accessibility for low-income and unprotected families. Communities are exploring mechanisms to facilitate energy poverty as a way to spread the benefits from community energy schemes directly to their community. Energy communities can actively contribute to facilitate energy poverty through a wide range of activities. So in United Kingdom the community energy communitaire project of Brixton Solar permits the tenants in social housing to make smaller investments to the projects that give them a limited quantity of energy produced with solar panels at their roofs for free. Part of the incomes from the project go to a dedicated fund of energy effectiveness to organize workshops to assist people to reduce energy consumption and save further to their energy bills. The community also provides training opportunities for the young people living to local community through an internship program.

ALI energy, another example from the United Kingdom, applies a new referral system that helps to identify people at risk of energy poverty. They particularly target organizations working with vulnerable individuals and life changes that may lead to higher energy bills or a decrease in income, such as job loss, retirement, a new baby, a diagnosis of health conditions, and so on.

Another example in Portugal when there is an Energy Community initiative that is focused in financing renewable energy based on solidarity. The Renewable Energy Community, set up a scheme that utilizes solar energy to establish social values for its local community. This community rents out roofs for the institutions that are socially oriented for its photovoltaic installations, providing them additional incomes, allowing them to benefit from lower energy costs and giving them free solar PV installation, at the end of the rental period.

Another example is found on Belgium. The collaboration between the citizens and the local authorities Eeklo, a city leading the Belgian energy transition that has reduced the barriers for the participation of the citizens to the renewable energy schemes, closely collaborating together with Ecopower, an energy community with about 60, 000 members that strengthen more than 50,000 houses with 100% of renewable energy.

Specifically, with the ambition to combat energy poverty, the city ensured 750 citizens. This permitted those citizens to take all the advantages that come with full membership in Ecopower, such as lower invoices of energy. The Community in itself permits the members to save the

cost of purchasing a part of the pre-financing with their savings from their energy invoices, by providing a solution for the high cost of purchasing a part to become members³.

Another example is that of Croatia, where Green Energy Community (ZEZ) has set up some projects that aim facilitating energy poverty. Such a project trained the young and unemployed persons to be energy advisors to help the families with low incomes to take the measures of energy effectiveness at their homes. Through the cooperation with Križevci City, a group of the energy advisors were able to find employment in the framework of a Public Works programme for the Energy Advisors. Together they visited more than 500 families in six months.

Also, it has been observed that 61% of Europeans would like to join an energy community if someone were to initiate one in their local area⁴. Also, it has been observed that 61% of Europeans would like to join an energy community if someone were to initiate one in their local area. It is crucial to avoid energy poverty and empower citizens to gain further awareness. Community energy creates social cohesion and spaces to educate people on energy, climate, and democracy issues, bringing about behavioral change and energy savings through deeper and more conscious involvement within the entire system. The energy system needs the involvement of citizens and communities to eliminate dependency and vulnerability and to transform it into ownership and efficiency.

The Chairmen Convention is the biggest local initiative in the world. More than 10,000 municipalities have signed a political declaration to take a climate action through the Convention of Mayors. Since 2015, all municipalities that have signed or renewed their commitments to the Convention of Majors in Europe, committed to take actions to energy poverty, focusing on setting the objectives, definition of local indicators and planning the activities. The involvement on this Major Convention shall mean an engagement of the local government to:

- (1) reduce greenhouse gas emissions in their territory;
- (2) to increase resilience and prepare for the adverse impacts of climate change;
- (3) handle energy poverty as an essential action to ensure an appropriate transition.

8 . ALBANIA AND THE LEGISLATION FOR VULNERABLE CUSTOMERS AND ENERGY POVERTY

Primary legislation (Legislation for power and natural gas sector) provides the criteria to be considered during the definition of vulnerable customers. Articles 95 and 97 of Power Sector Law and Natural Gas Sector Law, respectively underline that the ministry responsible for the social affairs, in cooperation with the responsible ministry of Energy, the Ministry of Finance and in consultation with Energy Regulatory Authority (ERE) and the stakeholders shall draft

³ (Miqhtë e Tokës Evropë, REScoop.eu & Qytetet e Energjisë 2020).

⁴ (European Climate Foundation 2021)

the criteria and procedures for those that have obtained vulnerable customers status. The defining by-law for the criteria shall be approved with Council of Minister Decision.

Legal and legislative framework

The legal support for vulnerable customer protection is based on three legislative acts: Power Sector Law, Natural Gas Sector Law and the Social Insurance Law. Currently, the vulnerable customers are only conceptually recognized in primary legislation level. Government Decision no. 08 of 2015 defines the criteria for the persons qualified as vulnerable customers.

Power Sector Law

Power Sector Law (No. 43/2015), Article 95, submits the definition of the vulnerable customers. The law defines also that the Albanian Energy Regulatory Authority (ERE) is responsible for vulnerable customer protection (Article 18 (e)).

On paragraphs 1 and 2 of Article 95 it is provided that:

1. The Ministry responsible for social affairs, shall in cooperation with the ministry responsible for energy, the Finance Ministry and in consultation with the National Regulatory Authority for Energy (ERE) including the stakeholders, shall draft the criteria, the procedures to obtain the vulnerable customers status. The Articles define also the approach to handle vulnerable customers, which on the other hand are approved with Council of Ministers decision.

2. The criteria to benefit from the vulnerable customer status shall take into account:
- a. Customers with low income, which use electricity to supply their permanent residence;
 - b. Customers whose electricity consumption is connected to the single-phase grid with maximum power of about 16 ampere;
 - c. Maximum level of energy consumption per person, depending on the season;
 - d. Direct support from the State Budget;

All the vulnerable customers that obtain financial support from the state budget are registered in a specific register that is set up from the responsible ministry of welfare (the Ministry for Social Issues) which is responsible to inform the Network Operator for electricity and then the Universal Service Supplier.

Despite the completion of the conditions to receive the vulnerable customer status, Law no.43/2015 “On Power Sector” article 96, defines the rules for energy supply for the social vulnerable customers.

The Customers that have received the vulnerable customer status, shall have the right to be supplied according to the provisions of the above-mentioned by-law.

Law on natural gas sector

Natural Gas Sector Law (No. 102/2015), on article cites that the responsible Ministry for the social affairs, holds in cooperation with the Ministry responsible for Energy and the Ministry of Finance, in consultation with ERE and other stakeholders and entities, the detailed procedure to define the status of the socially vulnerable customers which shall be approved by the Council of Ministers.

On Paragraphs 1 – 3 Article 97 it is provided that:

1. The Ministry responsible for social affairs shall, within 1 year from the entry into force of this law, in cooperation with the Ministry responsible for energy and Ministry of finance, and in consultation with the ERE and other stakeholders and entities, shall develop a detailed procedure for establishing the status of socially vulnerable customers and to be approved by the Council of Ministers.

2. Criteria on benefiting by the vulnerable customer status shall consider:

a) Customers with lower incomes, who use natural gas to supply their permanent residence;

b) the maximum level of gas consumption per person reflecting seasonality and total consumption of up to 30 cubic meters/month for a family with up to four (4) members.

c) the approach of direct support by the State Budget.

3. Household consumers benefiting a support from the Council of Ministers to pay the gas supply service shall not be allowed to use such funds for other purposes.

If a customer loses the vulnerable customer status, he/she shall be removed from the respective register. Although, the data for that person remain on the register for a future period of five-years. The Distribution System Operators (DSO) shall keep a register of vulnerable customers. The supply contract for the vulnerable customers expires two months after its de-registration of the customer as vulnerable customer.

Since Albania doesn't have a natural gas market, the provisions for the protection of gas consumers have no practical effect.

Social Insurance Legislation

The Legislation for Social Insurance (10070/2009) regulates the system and organization of the association, protection, financing and the procedural compliance of social protection. According to the above mentioned law, the Republic of Albania provides the social protection for the citizens according to social justice concept, set up social protection system and enables its operation, ensuring the conditions and the measures for social protection activity. The Government of Albania approves the National Program for the Financial Programs for the Social Insurance Schemes on annual basis, which defines the targets, priorities and directions for the development of social protection.

Government Decision no. 8 for the vulnerable groups protection, by mitigating the impacts of removing the monthly consumption band of 300 kWh for electricity.

For temporarily protection of vulnerable households that consume up to 300 kWh per month, on 2015, the Government approved an additional subvention in ALL of about 648 ALL (5.23 eur) per month.

The vulnerable customers that are qualified to apply for the subvention in Albanian lek include:⁵

- a. The families that obtain financial assistance and the families members declared invalid with KMCAP Decision with (Request for reassessment of the invalidity retirement measure), according to Paragraph 3, Article 7 of Law no. 9355/2005.
- b. Families where the head of the family is a person with disabilities, and there are no other employed members in the family;
- c. head of the families that obtain minimum retirement pensions, living alone or with dependent children and have no income;
- d. Heads of the families that obtain invalidity pension and do not members in their families that are employed or self-employed;
- e. Families led by a public employee with a monthly gross salary below 35,000 ALL (284 Euro) and with no other employed or self-employed family members;
- f. Blind persons;
- g. Paraplegic and tetraplegic persons.

By-laws regarding efficiency

On 2015, the Albanian Government approved Energy Efficiency Law (no. 124/2015), as amended on 2021 (no.28/2021), which defines the national rules and policies to support, promote and improve energy efficiency. On 2016 it is established Energy Efficiency Agency and it is approved the National Second and Third Action Plan for Energy Efficiency.

1. The latest by-laws in line regarding the development of the power sector in Albania is the Legislation on Energy Performance of the Buildings (no.116/2016), where the lower income families are recognised as a specific category of energy users that deserve a specific approach. Light measures are taken for the protection of this category in local power level organization, among which we mention Municipality Council Decision VKM 408 of, which has approved the Community Fund. This fund provides that the vulnerable families benefit 100% of the investment tariff to perform the works for eliminating the architectural barriers and the adoption of the buildings for persons with disabilities (Article 7, Council of Minister Decision 408). Moreover, the Community Fund ensures 100% support for the vulnerable families to realize maintenance projects/ energy efficiency or positive environmental impact: Thermal insulation of the facades is included here, the set up of solar panels, etc. (Article 7, Council of Minister Decision 408). Mainly on the category of vulnerable customers, are categorized the

5 file:///C:/Users/User/Desktop/Vitit%202023/mars/DOOREIHP_poverty_122021.pdf

families with economic assistance, the households families consisting solely of members with disabilities, and families consisting solely of pensioners are categorized. It's worth mentioning that such support helps reduce the energy poverty threshold by ensuring an alternative support for vulnerable individuals, aiming to increase energy efficiency and reduce electricity consumption in their residences. Primarily in the category of families in need, families treated with economic aid, families consisting solely of members with disabilities, and families consisting solely of pensioners are categorized. It's worth mentioning that such support helps reduce the energy poverty threshold by ensuring an alternative support for vulnerable individuals, aiming to increase energy efficiency and reduce electricity consumption in their residences.

Institutional framework

The main stakeholders in the institutional framework in Albania regarding vulnerable customers include:

- The Ministry of Infrastructure and Energy, which is responsible to implement energy policy and consequently the management of the issues regarding vulnerable customers (Article 4 (dh) of Natural Gas Law and Article 3 of Power Sector Law).
- The ministry responsible for social affairs, as the main governmental body for social and welfare care, and currently the main state institution that provides support for low income families for energy consumption costs (Article 95 (a) of Power Sector Law).
- Albanian Energy Regulator Authority (ERE). ERE shall take the measures to ensure that the customers shall benefit from the internal operation of the market enhancing competition and customer protection. Moreover, the measures guarantee high standards to respect the public service obligations for electricity supply and protection of vulnerable customer's groups (article 18 (dh) and (e), as well as Article 95 of power sector law; Article 15 (dh) and (ë), as well as Article 97 of natural gas law).
- Energy Efficiency Agency (AEE) is a public legal, budgetary institution under the responsibility of the Ministry of Infrastructure and Energy. AEE is responsible to improve and promote energy efficiency during the electricity cycle, of all economy sectors, enabling the customers to reduce their costs of electricity supply and reduce the negative impact of environmental pollution and climate changes. Even though the Agency is not directly involved to alleviate energy poverty, AEE shall undertake a series of activities such as the draft of the by-laws and their implementation, by setting minimum requirements of energy performance on buildings, professional training for energy efficiency, the issue of the certificates for energy auditors and the energy managers, terminating with voluntary agreements.
- *Even though there is not a Fund for energy efficiency, according to Energy Efficiency Law (no.124/2015), the plan for the establishment of a fund regarding energy efficiency as an independent organization.*

The Ministry of Infrastructure and Energy, in the framework of energy efficiency measures supported the Municipalities Project for Intelligent Utilization of Energy (SEMP) to support the implementation of national energy policy and the use of new methods of energy management in Albania. Through “Municipalities Project for Intelligent Energy in Albania (SEMP)”, the Swiss Government shall support the Albanian Municipalities of Berat, Korçë, Përmet and Shkodër in improving their energy efficiency and eliminating the negative impacts to the environment. The project activities are concentrated on two main components with five sub-components that combine their powers for a comprehensive approach under two results. The first shall be an appropriate framework of energy management that improves energy management on municipality and national level and the second result shall be that the citizens of the selected municipalities shall benefit from the public services with energy efficiency provided from effective administration. The four project municipalities shall use more renewable energy, shall have better road lighting and shall save energy consumption. (the municipalities of Berat, Korçë, Përmet and Shkodër). On this initiative it is also included the increase and strengthening of the municipalities capacities to better implement national energy policy in local level, especially the identification of the infrastructure measures connected with energy and to improve the capacity in municipality level to prepare the proposals for financing. The expected results of this project are :⁶

- Establishment and strengthening of municipality departments of energy management in four municipalities and the draft of the municipalities action plans for energy and climate
- The preparation and realization of the infrastructure measures of Energy Efficiency (investments with realization and quick benefit).
- Increase of public awareness for energy management in municipality level and energy efficiency in general.
- The Draft of the Albanian Framework of Energy Management with a potential to be extended on national level.
- The project is implemented from a consortium of national and international companies that cooperate closely with Energy Efficiency Agency (AEE) acting as the Project Management Unit (NMP). The project shall terminate by the end of 2024.

The project shall be implemented under the coordination of the State Secretary for Economic Issues of the Swiss Confederation (SECO) and the Albanian Ministry of Infrastructure and Energy.

Current effective scheme for vulnerable customers protection

A compensation scheme for the electricity customers is set from 2006, as a benefit in ALL of about 640 ALL (5,17 Eur) for the individuals recognized as vulnerable customers that reach a

⁶ <http://eficenca.gov.al/smart-energy-municipalities-project-in-albania-semb/>

monthly compensation threshold of about 200 kWh. This measure is still effective. Before 2014, a lower tariff of about 7.70 ALL / kWh (0.06 Eur) was charged to the households for the consumption up to 300 kWh per month, while the electricity price increased to 13.50 ALL / kWh (0.11 Eur) for all of the consumption over 300 kWh.

About 30 percent of the households with low incomes benefited from this social scheme. Since its implementation was a problem, the scheme was interrupted for a unified price of about 9.5 ALL (0.07 Eur) for kWh for all customers.

After the interruption of lower tariff measure in 2014, the following year in 2015, the government approved an additional subsidized benefit of about 648 ALL (5.23 Eur) per month to temporarily protect the vulnerable households which consume up to 300 kWh per month. The total monetary benefit, if both measures are implemented amount 12.88 ALL (10.40 Eur) per month (the customers consuming up to 300 kWh/month have the right for both measures). These measures provide a direct support for 213,000 families. The cost for the state budget reaches 1.76 billion ALL (14.22 million eur) per year.

Note: the exchange rate Euro/ALL is considered as a reference on the time of drafting this study.

Assessment

Two types of financial measures at the national level are provided for vulnerable consumers (vulnerable families) regarding electricity expenses. The targeted groups for both measures are families benefiting from the social assistance scheme (social payments), recipients of disability assistance, the elderly, pensioners, paraplegics, and tetraplegics, as well as low-income families, those earning monthly below 35,000 ALL (283 Eur). These measures are general and do not consider gender. The current measures represent short-term assistance for families in conditions of poverty. The total amount of financial support provided to applicants since the beginning of the implementation period, from 2006 until now, is 15 million Eur.

Reccomendations

War against poverty and social exclusion is one of the priorities of the European Union policy. Also there is an increased attention to energy poverty, even for the indirect costs regarding the incidence of certain diseases of, identifying family types, based on the statistic report between the energy cost and the economic characteristics. The experience in EU countries shows that the indicators that may be used for assessing energy poverty are:

- Analysis of overall expenses to those for energy
- Setting a minimum essential level of energy consumption
- Consumption characterization, - Consumption profiles – customes – House equipments, such as Efficiency, Energy class.

Social support through the invoice payments.

Support in infrastructural financing for energy efficiency, such as the substitution of the equipments, buildings renewal.

Addressing the entire issue is important and requires not only short-term intervention through invoices support (bonuses) but also ensuring infrastructure and sustainable solutions, which can reduce consumption and, consequently, actually lower energy costs and overall expenses. Examining the problem as a whole requires the preparation of mechanisms, with both public and private funds, capable of providing sufficient resources.

Engagement at the local level is just as important as at the central level. For this reason, it is crucial to conduct an assessment of what has been done so far, both within a local initiative and in collaboration with associations that can provide valuable data in addressing energy poverty. The main objective is to gather sufficient elements to move from a general overview to a concrete assessment and to characterize local energy poverty through a set of indicators that will be used in monitoring the impact of actions to alleviate energy poverty.

It is important to identify scenarios for investigation that may better describe the local situation by gathering specific data representing various aspects of the issue, such as focusing on the socio-economic conditions of the population, demographics, climate, building and equipment stock, energy costs, and cultural habits. The overall objective of the entire process is to initiate the treatment of energy poverty and to start small planned actions based on the available diagnosis, which can contribute to making a positive impact.

Conclusions

In the past decade, governments have drafted new policies to handle complex issues, including energy poverty. In 2009, the European Commission first addressed to the European Parliament with Directives 2009/72/EC and 2009/73/EC, with the obligation to develop national action plans or other frameworks to handle the issue of Energy Poverty, which is further mentioned under the concepts such as fuel poverty, energy efficiency, and energy justice.

Despite of the fact that many years have passed from the first attempt in defining energy poverty, there is still not a generally accepted definition of the phenomena in the European level.

On its guideline for the policy-making (EPOV Citation2020a), four points are considered essential to handle energy poverty:

- (1) the metering;
- (2) the Definition;
- (3) the Type of policies; and
- (4) Financing.

Closely working with the stakeholders becomes easier to develop research and urban policies for the energy poverty issue. Energy poverty in Albania is currently connected with vulnerability regarding the vulnerable customer, while social assistance is the only means for continuous intervention through the state budget. Moreover, other energy poverty aspects, such as the approach for abundant and competitive energy sources, efficient consumption of the families, clear air and empowering customers in the market recently win the attention. Energy poverty as an overall concept requires the cooperation of all levels, including central and local

authority, specific institution with an expertise on power sector, that enables not only financial support but even professional support in assessing the appropriate solutions that effect energy efficiency and reduce the cost for ensuring energy. The regulatory authority has an important role in balancing the customer, the government and the investor (the operator for energy supply services) interests.