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Position Paper

The Energy and Climate Aid Fund

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Position paper of the Austrian Federal Chamber of Labour on the Climate and Energy Aid Fund

Introduction

For energy-poor and financially disadvantaged households, the energy transition and climate change which affects us all poses a particular challenge. In the current system, they already have to cope with low incomes, often high energy costs, poorly thermally renovated houses, and living spaces that are often very cold in winter and very hot in summer. The COVID19 pandemic has further aggravated the situation for many households and made us all aware of the importance of a secure and affordable energy supply. Therefore, this disadvantaged group must be given special attention but also special support - because everyone should benefit from a sustainable and clean energy system!

The Energy and Climate Aid Fund

In order to be able to combat energy poverty in a sustainable and comprehensive manner, as well as other different problems of the affected groups, AK demands an **energy and climate aid fund**.

- On the one hand, this should serve as a **central contact point or interface for different stakeholders working in the broad field of energy poverty** (e.g., federal government/ministries, provinces and municipalities, but also energy companies, social organisations, competent authorities) and,
- on the other hand, as a **financing mechanism** for the implementation or incentivisation of measures (e.g., thermal refurbishment, energy efficiency measures, heating system replacement, renewable energies and also assistance in case of payment difficulties/shutdowns).

In addition, it should act as a **competence centre**

- by **awarding research funding** to projects that deal with the special situation of low-income and/or energy-poor households (e.g., interdisciplinary research projects for the comprehensive analysis of energy poverty) and
- **generate specific knowledge** in order to bundle national and international know-how and make national initiatives visible (e.g., by bringing together local and regional best-practice examples and measures taken, successful international projects and EU initiatives etc.).

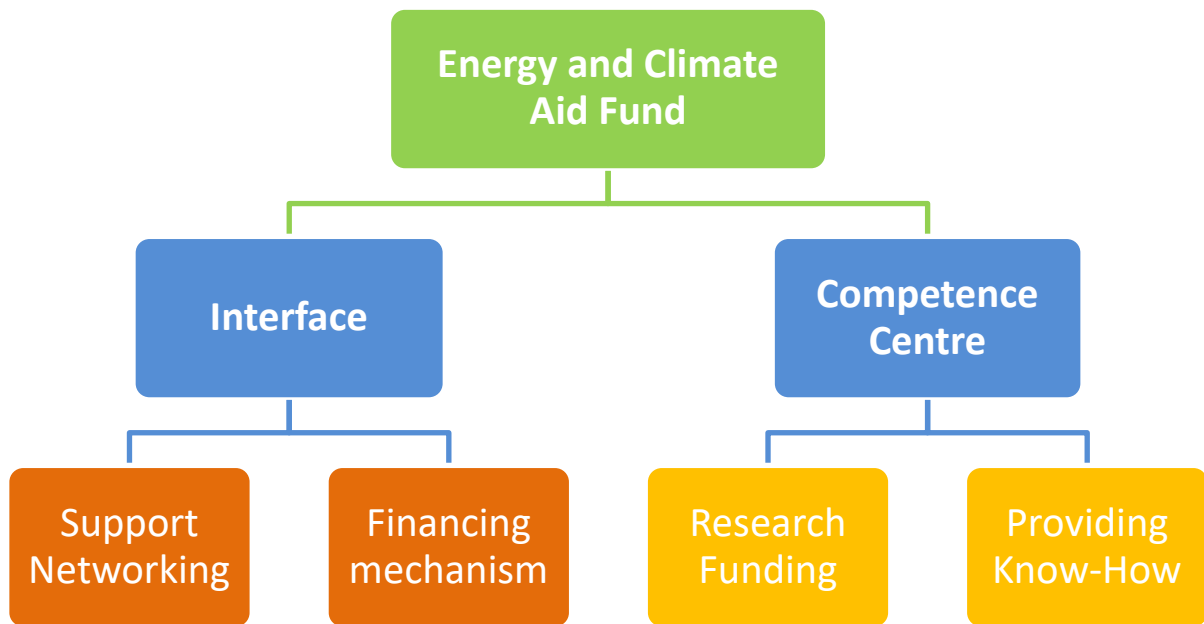


Illustration 1: Functions of the Energy and Climate Aid Fund

How should the fund be designed?

It is important to establish the fund as an **independent body** and to allow it to exist and work independently. A sort of inter-ministerial staff unit (between the Federal Ministry of Climate and the Federal Ministry of Social Affairs) could be considered in order to adequately capture to the multi-dimensionality of energy poverty. When implementing the fund, it will be important to proceed a coordinated approach together with the regions and municipalities. This is important to bundle forces, know-how and implementation options on the one hand, and to prevent duplication on the other. Existing measures to support disadvantaged households should be compiled in order to show the diversity that already exists, but at the same time to identify the need for action and possible gaps.

The fund should be **financed by various sources**: e.g., through payments which have to be made for energy efficiency measures that have not been implemented as part of the Energy Efficiency Act. Furthermore, payments from ETS could be used. In addition, existing measures could also be integrated, such as subsidies for changing heating systems. This will ensure that the fund has the necessary financial power to actually support low-income households sustainably and that major improvements can be made. At the same time, the fund should serve as an information tool or central contact and information point for federal, regional or municipal measures/support schemes. In addition, financial resources from the general budget will be needed especially for research funding on energy poverty.

Why do we need the Energy and Climate Aid Fund?

1. With this fund, Austria can play a **pioneering role in the comprehensive fight against energy poverty** and the inclusion of low-income households in the energy and climate transition. This has not yet been practised internationally in this form.
2. Austria would be a **best practice example**. International research projects increasingly sum up the need to set up national "energy poverty observatories" in order to pay special attention to disadvantaged groups in the energy and climate transition. Austria could be the first country to put this into practice.
3. In Austria, there is already a **wide range of subsidies** for switching to renewable heating systems or for the thermal refurbishment of buildings. However, many of these subsidies are **difficult to access for low-income households** for a variety of reasons. The proposed fund can act as an interface to address these problems and develop feasible possible solutions.
4. The **EU Commission** already requested the member states to define, monitor and combat energy poverty and **gave Austria bad marks in this regard in the last assessment of the National Energy and Climate Plan**. Specifically, in its recommendations, the Commission called to develop the concept of energy poverty further and to provide additional information on existing and possible measures. **Future criticism can be prevented** because the fund, as a centre of competence, takes on precisely this function.
5. In 2020, the **Austrian Court of Auditors** evaluated energy measures regarding energy poverty and **recommended as a central measure to develop an overall strategy** to prevent and reduce energy poverty. The report claims that financial support without accompanying measures would be insufficient, as they would only provide short-term relief. It urges to implement sustainable solutions. The proposed fund can exactly achieve this through its broad spectrum of tasks.
6. In its statement on the Austrian Court of Auditors report, the **Federal Ministry of Climate** pointed out that, due to the limited competences under the law, it wanted to **develop a comprehensive strategy** with the nine Austrian states and their existing instruments and measures, as well as with the authorities in charge at the federal level. As described above, this would be precisely the task of the Energy and Climate Aid Fund.

From the point of view of the Austrian Federal Chamber of Labour, it is important to make the energy and climate transition socially just and to enable everyone to participate in a climate-neutral future.

The Energy and Climate Aid Fund can become the central interface between different stakeholders and measures at different levels and can combat energy poverty comprehensively and sustainably.

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