



January 2011
AK Position Paper

Energy – Survey concerning vulnerable consumers in the energy sector

About us

The Federal Chamber of Labour is by law representing the interests of about 3.2 million employees and consumers in Austria. It acts for the interests of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore the Austrian Federal Chamber of Labour is a part of the Austrian social partnership.

The AK EUROPA office in Brussels was established in 1991 to bring forward the interests of all its members directly vis-à-vis the European Institutions.

Organisation and Tasks of the Austrian Federal Chamber of Labour

The Austrian Federal Chamber of Labour is the umbrella organisation of the nine regional Chambers of Labour in Austria, which have together the statutory mandate to represent the interests of their members.

The Chambers of Labour provide their members a broad range of services, including for instance advice on matters of labour law, consumer rights, social insurance and educational matters.

Herbert Tumpel
President

More than three quarters of the 2 million member-consultations carried out each year concern labour-, social insurance- and insolvency law. Furthermore the Austrian Federal Chamber of Labour makes use of its vested right to state its opinion in the legislation process of the European Union and in Austria in order to shape the interests of the employees and consumers towards the legislator.

All Austrian employees are subject to compulsory membership. The member fee is determined by law and is amounting to 0.5% of the members' gross wages or salaries (up to the social security payroll tax cap maximum). 560.000 - amongst others unemployed, persons on maternity (paternity) leave, community- and military service - of the 3.2 million members are exempt from subscription payment, but are entitled to all services provided by the Austrian Federal Chambers of Labour.

Werner Muhm
Director

Executive Summary

We welcome the engagement of the BEUC to make a comprehensive contribution concerning the EU-wide

situation in respect of fuel poverty within the scope of the meeting of the European Consumer Consultative Group (ECCG) in October in London

The AK position in detail

Are vulnerable consumers and fuel poverty a priority for your organization?

1. Do you work on vulnerable consumer issues in the energy sector?

AK is intensively dealing with the issue of fuel poverty. Within the procedure of implementing the Third Energy Package into Austrian law, we have repeatedly stressed the necessity to ensure that appropriate measures to combat energy poverty will also be included. Important points to strengthen consumer rights have been adopted at the implementation of the Directive 2009/72/EC (Internal Market in Electricity Directive) into Austrian law – the Elektrizitätswirtschafts- und organisationsgesetz (ElWOG 2010); unfortunately, there is still a lack of effective measures to protect households from risk of poverty. Our respective proposal has not been adopted. In our concrete proposal we suggested the preparation of an annual report on energy poverty, which should include important indicators for

the assessment of energy poverty (i.e. data on disconnection of electricity, payment arrears, instalment agreements, prepaid meters, initiated debt collection proceedings, electricity prices, income). If needed, those groups, which are affected by energy poverty, should be exempt from paying grid charges. Similar regulations concerning an exemption of network charges for the telecommunication and television sector have been existing in Austria for years.

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With regard to both, electricity and gas, different grid operators and energy suppliers still charge massively different additional costs.

2. Do you have any data about the phenomenon of fuel poverty in your country?

Currently we do not dispose of a conclusive statistical basis as to the number of people affected by energy poverty. The only data available on the living conditions of private households (Community Statistics on Income and Living Conditions-SILC), which confirms that 330.000 Austrian households are not able to adequately heat their homes, has been provided by Eurostat. That is why we have made it our priority to ensure that an independent annual report on energy poverty will be prepared in Austria (see answer to question 1).

3. What consumer-relevant issues are vulnerable energy customers in your country confronted with?

With regard to both, electricity and gas, different grid operators and energy suppliers still charge massively different additional costs. Hence, consumers with low credit rating or payment difficulties are paying higher electricity and gas prices. Example: The disconnection resp. reconnection fees range between Euro 24 to Euro 72; the installation of a prepaid meter costs up to Euro 96. Security deposits can be as much as three instalments (almost an annual electricity or gas bill).

Within the scope of implementing Di-

rective 2009/72/EG (Internal Market in Electricity Directive) the Austrian law (EIWOG), now determines that additional costs must be set as maximum prices and that prepayments may not exceed a monthly instalment. One can assume that the same regulation will be introduced for the gas sector.

Households affected by energy poverty often have the additional problem that their electric appliances are outdated wasting a lot of electricity as a result. Furthermore, it is in particular these households that live in inadequately insulated homes and are therefore faced with high heating bills. No other costs are so clearly a burden for low-income households as energy costs: the bottom income group (less than Euro 1,523 gross per month) spends almost 6% on energy per month (measured against overall household expenditure), whilst the top income group (more than Euro 3,472 gross per month) only spends 4%.

How should the question of vulnerable consumers and fuel poverty be addressed at EU as well as national level?

4. What is national policy in your country regarding vulnerable consumers/fuel poverty?

There are currently no specific legal measures to fight energy poverty; it is only part of social policies. This is insofar surprising as specific measures for low-income households have been in place for the telecommunication or television sector for years (see also answer to question 1).

There is currently no conclusive statistical basis for the number of groups of persons affected in Austria.

5. Are there policy measures, programmes and tools to tackle fuel poverty and protect vulnerable households? If yes, please indicate which.

In Austria, low-income households are receiving a heating allowance. This is regulated differently from region to region and its amount varies strongly between the federal states. This is added by the fact that there is no legal claim as to the granting of a heating allowance, which is paid out of social budgets. The amount available for financing the heating allowance is renegotiated each year. Hence, its financing is by no means secured.

6. Are there any ongoing or past projects to improve the situation of vulnerable consumers in your country? If yes, what are/were the main actions, barriers and actors involved?

There are always temporary, mainly regional projects to support low-income households. In most cases, these projects concern the exchange of old appliances (mainly refrigerators) for new ones, free advice for using energy more efficiently or direct financial support. These projects are normally offered by municipalities in cooperation with companies, but also by power supply companies and power regulation authorities. However, consumers have no legal claim to any of these offers or services.

7. Does a definition of vulnerable consumer exist in your country? What are the specific indicators to evaluate vulnerable consumer/fuel poverty in your country?

There is currently no conclusive statistical basis for the number of groups of persons affected in Austria. One may assume that primarily social welfare benefit claimants resp. claimants of "means-tested minimum social income", which has recently been introduced in Austria as well as recipients of equalisation payments, are at risk of energy poverty. Overall, this definition would cover about 330.000 households in Austria.

8. According to you, what will be the impact of the implementation of the 3rd Energy Package on consumers, esp. vulnerable consumers? Do you think the proper implementation will deliver to the vulnerable consumers?

In Austria, important requests to strengthen consumer rights have been implemented within the scope of the EIWOG amendments. They concern above all the right of private customers to power supply, limiting the amount of security deposits and the determination of maximum prices for additional costs (see also answer to question 3).

10. In your opinion, what could be the (right) strategy to address this issue in a more effective way? Do you see any need to propose (at EU-level) a new piece of legislation or change existing measures?

See answer to question 8.

The Member States are presently in the implementation phase of the Third Energy Package or have already implemented it.

9. What are your recommendations? What should be achieved at EU-level?

At EU level clear recommendations to fight energy poverty should be established. This could be effected for example in the form of a comparison of effective measures in individual Member States (best-practice examples). A more detailed survey and publication of data on energy poverty in the European Union should be targeted.

11. Would you recommend becoming active at EU-level before the implementation of the 3rd Energy Package (March 2011)? If so, on which topic?

No, there is not enough time. The Member States are presently in the implementation phase of the Third Energy Package or have already implemented it. It is important to conduct an exact survey as to which measures were taken to fight energy poverty and to evaluate them subsequently as proposed under question 8.

Should you have any further questions
please do not hesitate to contact

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