

Green and social solutions to the energy crisis

Russia's illegal invasion of Ukraine has led to dramatic consequences, firstly for the people of Ukraine and for the entire world. Within Europe, we have witnessed a rise of social inequality, energy poverty, and inflation, leading to significant impacts, e.g. on employment and food prices, and quality of living. In addition, climate change is exacerbating this situation and aggravating inequalities by impacting the poorest the hardest.

Almost one in four Europeans are already at risk of poverty and social exclusion. Spiralling energy prices and climate change will only make things worse. The most vulnerable are paying the highest price in this crisis. For example, women are disproportionately affected by energy poverty and mobility poverty, in particular single mothers who represent 85% of single parent families with dependent children.

Energy prices for European households, notably electricity prices, have increased by up to 167% for people in some European countries, with bills predicted to surge by €2 trillion at their peak in early 2024. Already many households are unable to make ends meet: this winter many more will have to choose between eating and heating.

This also affects society at large as services like hospitals, universities or schools are impacted by the rise in energy prices. This energy inflation also puts at risk the viability of many European small and medium-sized enterprises (SMEs) that play a significant role in their local communities. Rising costs of operations may unfortunately force them into bankruptcy and therefore threaten working people who are worried for their jobs and wages. Local authorities in charge of the front-line services rendered to European citizens will have difficulties finding the money, leading to disruption in public services.

Countries in Europe have different capacities to equitably manage prices and demand or provide the essential support to those who need it. Financial solidarity within the EU and between the EU and its neighbours is therefore essential.

The total effect on the poor is now extra hard with the increasing inflation, because inflation works as a regressive income tax. Unavoidable expenditures such as rent/mortgages, food, energy, water, clothing, health, and transport constitute a much larger part of the budget particularly of low-income households, compared to wealthier households. We need to focus first and foremost on the lowest incomes or households at risk of a significant drop in income. We should also extend support to SMEs (small and medium-sized enterprises), upon which many livelihoods depend.

Russia's war of aggression against Ukraine shows the need to eliminate our dependence on fossil energy imports and fossil fuels in general, in particular from authoritarian regimes like Azerbaijan, currently aggressing Armenia. The EU's short-term strategy of focusing on diversifying the EU's oil and gas imports favours new, misguided investments in third countries. To meet our 2030 and 2050 climate and energy targets, the EU must end its dependence on fossil fuels and send clear investment signals for renewable energy. At the same time, however, the human rights situation in fossil fuel exporting countries must be addressed. The short-term EU strategy needs to focus on

diversifying EU oil and gas imports; without regard for the Human Rights situation in fossil fuel exporting countries only feeds our addiction to fossil fuels and create new dependency on third countries, contrary to our climate and energy objectives for 2030 and 2050.

The UN Sustainable Development Goal 7 aims to ensure access to affordable, reliable, sustainable, and modern energy for all. To do that, we need to reduce our energy consumption to a fair and sustainable level, ensure energy efficiency, boost renewable energy sources, and improve the sharing of energy to keep prices at an acceptable level. Renewable energies production is the most cost-effective energy sources and key to an environmentally sustainable system within the planetary boundaries. The International Energy Agency and IPCC have both warned that new fossil fuel infrastructures are incompatible with international climate goals. In order to become climate neutral by 2050, the EU should phase out fossil fuels in the energy system already by 2035 at the latest.

The EU is currently revising key Green Deal energy proposals, but more needs to be done to achieve climate neutrality before 2050.

This is why we, with special emphasis on the demands made previously in the resolution on energy poverty adopted at the 34th EGP Council, are calling on:

- The European Commission and National Governments to recognize the right for all citizens to have access to safe and sustainable energy;
- EU institutions to adopt a harmonised definition of energy poverty in order to improve actions to fight it;

Ensure immediate action to address the impact of high energy prices

- National Governments should focus support on those hardest hit by current prices, notably households in or at risk of energy poverty, particularly those in public and social housing and SMEs as well as public services, education establishments and hospitals which are at risk of decreasing availability for all in need;
- We support the EU Commission's proposal for a joint purchasing platform to pool Europe's purchasing power vis-à-vis gas-exporting countries, whether by pipelines or on the global spot markets for liquefied natural gas, with a view to and significantly reduce prices in the wholesale sector. The European Union should adopt a temporary dynamic price cap on EU gas imports to lower the price of imports and immediately reduce energy prices, while ensuring security of supply and solidarity among Member States. The European Union should do its utmost to stop imports of Russian gas. To prevent speculation on energy prices, National Governments should immediately ensure households with a basic amount of energy at an affordable price. National Governments should also ensure adequate redistribution mechanisms for vulnerable households and provide temporary direct income support to the users of sustainable transport modes, as a transitional measure, to absorb the increase in prices for the most vulnerable;
- National Governments should ban disconnections from energy supply and stop evictions from homes, suspend rent indexation schemes and ensure access to alternative payment plans for bills, consumer advice and mediation services; Energy companies should not

charge interest on energy for low- and medium-income households and SMEs on debt incurred during energy crisis;

- The European institutions should implement a socially fair EU wide energy savings scheme asking the biggest contribution from high-income energy-intensive household and large energy-intensive companies, in order to prioritise supply to households especially low and medium-income ones, as well as public and private providers of essential goods and services;
- National Governments should limit, and prohibit where appropriate, the use of high energy consumption non-essentials such as private jets, short haul flights where a train journey alternative exists, heated outside terrasses, big private yachts or heated private swimming pools, etc;
- National Governments should tax excess profits of multinational companies that have profited from the consequences of the war and market speculation and ensure that the collected revenues are distributed to the most vulnerable households, especially those in or near energy or mobility poverty; The European Commission should propose a permanent mechanism enabling, in a crisis, the orderly collection and redistribution of taxes on windfall profit tax on large companies across all sectors;
- National Governments shall review their tax legislation to stop tax benefits for investments that are unsustainable, e.g. by keeping up the consumption of fossil energy. Tax legislation in member states may introduce tax benefits for companies and individuals to accelerate the energy transition, for example by supporting public transportation for business purposes;

Guarantee the necessary investments in energy savings and renewable energies

- National Governments must invest in energy savings, efficiency and renewables as a first-choice solutions to fight high energy prices and dependencies. As renewable energy generation facilities have extremely low operating costs investment in long-lasting measures should be at least comparable in volume to the short-term relief and must be coordinated in order to effectively lift people out of energy and mobility poverty;
- National Governments should mobilise additional investments into energy savings, notably also in the renovation of poorly insulated homes and renewable energy to the benefit of vulnerable households;
- National Governments have a duty to ensure that those who can contribute more to national solidarity pay their fair share of taxes; In addition, they should ensure that any support measures and investments they make respect the principle of 'do no significant harm'. We support the creation in European law of a 'leave no one behind' principle that should safeguard social and labour rights; They should therefore reject investments in and subsidies for additional gas and oil infrastructure, within and outside Europe, which are not in line with EU climate targets and would create lock in to fossil fuel and dependency; European institutions should agree on binding national energy efficiency targets and a higher binding EU target of at least 20% by 2030; Similarly, they should

support a higher binding EU renewable energy target of at least 56% by 2030; and 100% electricity production by 2035;

- National Governments should adopt ambitious and mandatory gas and electricity demand reduction targets; and end schemes to install fossil fuel boilers in buildings, redirecting such financing instead to support the most vulnerable households in retrofitting and switching to renewables; In addition, they should put in place binding measures to replace by 2025 the 64% of gas used in the industrial sector that is easily replaceable by mature renewable technologies;
- National Governments should proactively provide effective information and logistical and financial support by 2023 to ensure the creation of at least one renewable energy community per municipality by so that citizens, especially those most vulnerable, can produce, consume, store and resell their own renewable energy as individuals or communities;
- The European Union should adopt a collective strategy for the development of storage systems for renewable energy to ensure grid flexibility. We need additional investments in research, development and innovation towards more sustainable, recyclable, and safe storage systems developed in the EU;
- Where relevant, National Governments should phase out nuclear power either by the dates announced or once nuclear plants have reached a lifetime of 40 years, in order to limit the security and safety threats related to ageing nuclear plants. Member States must build a nuclear phase-out plan that is compatible with the rise of renewables, energy sobriety and the safety and reliability of nuclear plants;
- The European Union and National Governments should further reduce their reliance on materials, technologies and components from authoritarian regimes and rather trade with partners sharing our democratic values. The upcoming adoption of the European Critical Raw Materials Act should pursue this objective. In addition, the European Union and national governments should invest and stimulate European research and development, support producing renewable energy technologies and components in Europe, as well as recycling/reusing capacities in the European Union in order to ultimately reach independency;
- The European Central Bank should stop indirectly subsidising all fossil fuel related investments and instead use its highly influential asset purchase programs to encourage banks to favour investment in renewables and energy and resource efficiency;
- We call on the European Commission to immediately present a coordinated exit plan from the Energy Charter Treaty for the EU and its Member States, to end the anachronistic protection of investments in fossil fuels;

Guarantee citizens are at the heart of the energy transition and of a social Europe

- The European Commission should put EU citizens at the centre of any future reform of EU energy market design; Such reform should promote a resource and cost efficient and

socially just ecological transition towards a highly energy efficient and fully renewable based economy by 2040 at the latest; The European Commission should design a future EU energy market reform that is based on the principles of solidarity, cohesion, equity and justice between Member States, regions and generations; generations, where public or social ownership of energy production and distribution plays a central role;

- National Governments should fully implement the 2018 Clean Energy Package, including the rights of renewable self-consumers and renewable energy communities; They need, with technical assistance from the European Commission, to empower municipalities to support the development of renewable energy communities so that citizens can produce, consume, store and resell their own renewable energy;
- National Governments should lift existing administrative barriers to further accelerate the deployment of renewables with a swift permitting process, while ensuring proper public participation and the respect of environmental impact assessment procedures; The European Union should expand its infrastructure projects and build towards an interconnected European electricity infrastructure and network, including strengthening local energy production, with the aim of further improving storage and transfer capacity and balancing renewable energy demand and supply across the EU and its neighbours, in order to reduce costs and achieve further energy independence. Further sanctions should be taken against Member States that are deliberately impeding the development of renewable energies;
- National Government shift to a more democratic control of their energy systems, through decentralised and interconnected systems with fair, affordable and equal access to energy guaranteed to all;
- The European Union should adopt measures and means to strengthen social welfare and social protection systems, including the continuation and refinancing of SURE (Support to mitigate Unemployment Risks in an Emergency) and the swift adoption of an ambitious Social Climate Fund; It should adopt an EU Directive for Adequate Minimum Income Schemes that ensures an EU-wide minimum income level set at least 60% of median income before allowances for specific needs such as disability so that every citizen in Europe can live a life in dignity; Member States should promptly implement the recently adopted Directive on Minimum Wages as soon as possible, since this will lead to a wage raise of 20 % for 25 million workers across the EU;
- National Governments should ensure access to decent and affordable housing for all notably by promoting the construction and/or the provision of affordable new and deeply renovated and retrofitted, highly energy-efficient housing accessible to all, a portion of which must be allocated to public or social housing, and combatting the financialisation of residential property, prioritising rental prices regulation and social housing as essential tools for this purpose. They need to deliver the Renovation Wave target of doubling annual energy renovation rates in the next 10 years with a particular focus on housing for the lowest income groups as well as on the rental market;

- The European Union should establish a new EU fund, complementary to the Recovery and Resilience Fund (RRF) based on common EU borrowing and able to meet a substantial part the additional costs of accelerating the energy transition to 100% renewables and maximum energy efficiency while ensuring the elimination of energy poverty;
- EU institutions should reform the EU's complex and short-sighted economic governance framework notably by promoting - rather than, as is the current case, discouraging - investment in the energy and wider ecological transition and the social infrastructure needed to ensure access for all to the goods and services necessary for a decent quality of life; including by amortising in the debt and deficit calculations green and social investments compliant with the Paris Agreement's objectives;
- National Governments should provide increased transparency and regulatory oversight of market based and over-the-counter gas trading to reduce market vulnerability, price speculation and spiralling bids; EU and national competent authorities should investigate, report and address possible cases of market abuse or market manipulation in commodity markets in general and in the gas market in particular; The European Commission should make the "just transition" an explicit and central policy complement to the "Green deal" to ensure that socio-economic barriers to the fair distribution of the benefits and burdens of the ecological transition are identified and removed;
- Given the current energy crisis, the European Union should assess the impact of a possible revision on the price-setting mechanism on the energy markets, while paying attention to safeguarding the competitiveness of renewable energies;
- The European Central Bank should be given a dual mandate to focus on price stability as well as full employment while respecting the EU commitment to achieve a climate-neutral economy. Rising interest rates in the current context of a supply side shock, that harm economic recovery and particularly vulnerable households and small companies, is not the answer to the crisis.