

Policy instruments to combat energy poverty: Accuracy of governmental regulations and acceptance by affected households

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Energy-poor people often live in poorly insulated and energy-inefficient buildings, and feature low household income, of which a substantial share is paid for electricity and space heating. Lacking awareness for energy efficiency and risk of power cut-off if failing payments to utility companies further exacerbate their precarious situation. Despite raising public concern about the environmental and social impacts of energy poverty, Austria is still at the beginning of developing an coherent policy agenda.

Much evidence shows that technical investments in energy efficiency make good economic sense, as their long-term benefits clearly outweigh the initial costs. Existing policy instruments (such as subsidies for domestic energy-efficiency retrofitting or access to district heating) therefore may substantially decrease fuel poverty rates. Fuel allowances may directly reduce the financial burden of energy costs. However, many fuel-poor households do not claim these measures.

Various reasons underlie this shortcoming: (i) fuel-poor households are often poorly informed about availability and benefits of specific measures, (ii) their disposable savings cannot cover the required investments, (iii) as tenants, they face an user-investor-dilemma. The accuracy of direct fuel allowances is doubtful, as funding criteria do not explicitly target energy-poor groups and it is not guaranteed that the funding is employed for efficiency purposes.

Drawing on a review of current policy instruments as well as qualitative interviews with experts and affected households in the city of Graz, the presentation identifies existing barriers from a regulatory and household-centered perspective and outlines practical ways to overcome them.