



Analysing the influence of the Energy Model on Fuel Poverty and the role of citizenship mobilisation: case study of the Platform for a New Energy Model in Spain

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1. Introduction

- ▶ In 2012, **more than 7 million people** spent more than the 10% of their monthly incomes on energy expenses
- ▶ In 2012, **around 4 million people** affirmed they could not maintain their households at a comfortable temperature
- ▶ This means an **increase of 34% and 19%** of the population who are affected by these two issues **with respect to 2010**
- ▶ However, **Fuel Poverty (FP)** has not been recognised by the **Spanish Government** as a specific problem yet, so to date no plans or strategies have been defined to address it

2. The Spanish Energy Model and its impact on Fuel Poverty

- ▶ The increase of FP among the Spanish population has been directly affected by the economic crisis, but also by the Spanish Energy Model (SEM)
- ▶ Even it is an extremely complex issue, we aim to **briefly analyse major relations between SEM and FP**, to understand the reasons why social mobilisation has **lately increased** so much and to **identify** which are the main issues that should be addressed to **reduce FP in Spain**

2.1 Background. National economy and tendencies of energy prices

- ▶ In Spain the **Gross Domestic Product (GDP) per capita** has decreased **7.2%** from 2008 to 2012
- ▶ The **GINI coefficient** has increased **9.7%** in the same period and in 2012 was the second highest in the EU
- ▶ **Spanish electricity price** has increased **55.9%** from 2008, which is a more than three times bigger increase than the EU average

2.2 Analysing the Spanish Energy Model

- ▶ Energy regulations are extremely complex
- ▶ It is very difficult for
 - ▶ new companies to get into the Spanish energy market
 - ▶ for users to perfectly understand the energy market and take decisions to choose the best energy offer.
- ▶ Hence, this might be understood as an instrument to **limit competitiveness**

COMPLEX ENERGY REGULATIONS

2.2 Analysing the Spanish Energy Model

- ▶ 95% of the electricity generation in ordinary regime is controlled by five companies; 99.7% of the distribution is controlled by the same five companies; and 79.5% of the commercialization is controlled by those same companies. **This means that the Spanish energy sector is an oligopoly.**
- ▶ **The same companies are both generators and distributors.** This situation gives them great **power to control prices**, either to push them up **to increase benefits** or to pull them down **to throw out competitors**.
- ▶ These five companies were fined by the Competence National Commission (CNC) with 61 million euros in 2011 for **impeding users a free change of energy distributor and agreeing energy prices**.
- ▶ **Since competitiveness is very weak, the market capacity to fix prices is inefficient** and differences between prices and costs can be huge.

LACK OF COMPETITIVENESS

2.2 Analysing the Spanish Energy Model

- ▶ This is especially controversial as the tariff deficit has been increasing since 2002, when the Real Decreto 1432/2002 was approved, establishing that the **energy prices could not increase more than inflation**
- ▶ That meant that any bigger increase in energy prices would be considered a **debt**, which has increased over **28,000 million euros** at the end of 2012
- ▶ **The interests of this debt** have a strong impact on the **energy tariff increase**
- ▶ As **energy costs are not being audited** and **energy prices are not efficiently established**, many expert voices claim that **this debt is unfair**

TARIFF DEFICIT

2.2 Analysing the Spanish Energy Model

- ▶ **Spain has relied on fossil fuels to increase installed power capacity**, which is a strong weakness considering that the Peak Oil & Gas are about to be reached and **fossil fuel prices are expected to increase** in the next years.
- ▶ The Spanish Electricity System is **oversized**. Whether **electricity demand has decreased 1.1%** from 2005 to 2012, **peninsular installed capacity has increased 38.1%**, and **46.9%** of that growth is due to Combined Cycle Gas Turbines (CCGT).

DEPENDENCE ON FOSSIL FUELS

2.2 Analysing the Spanish Energy Model

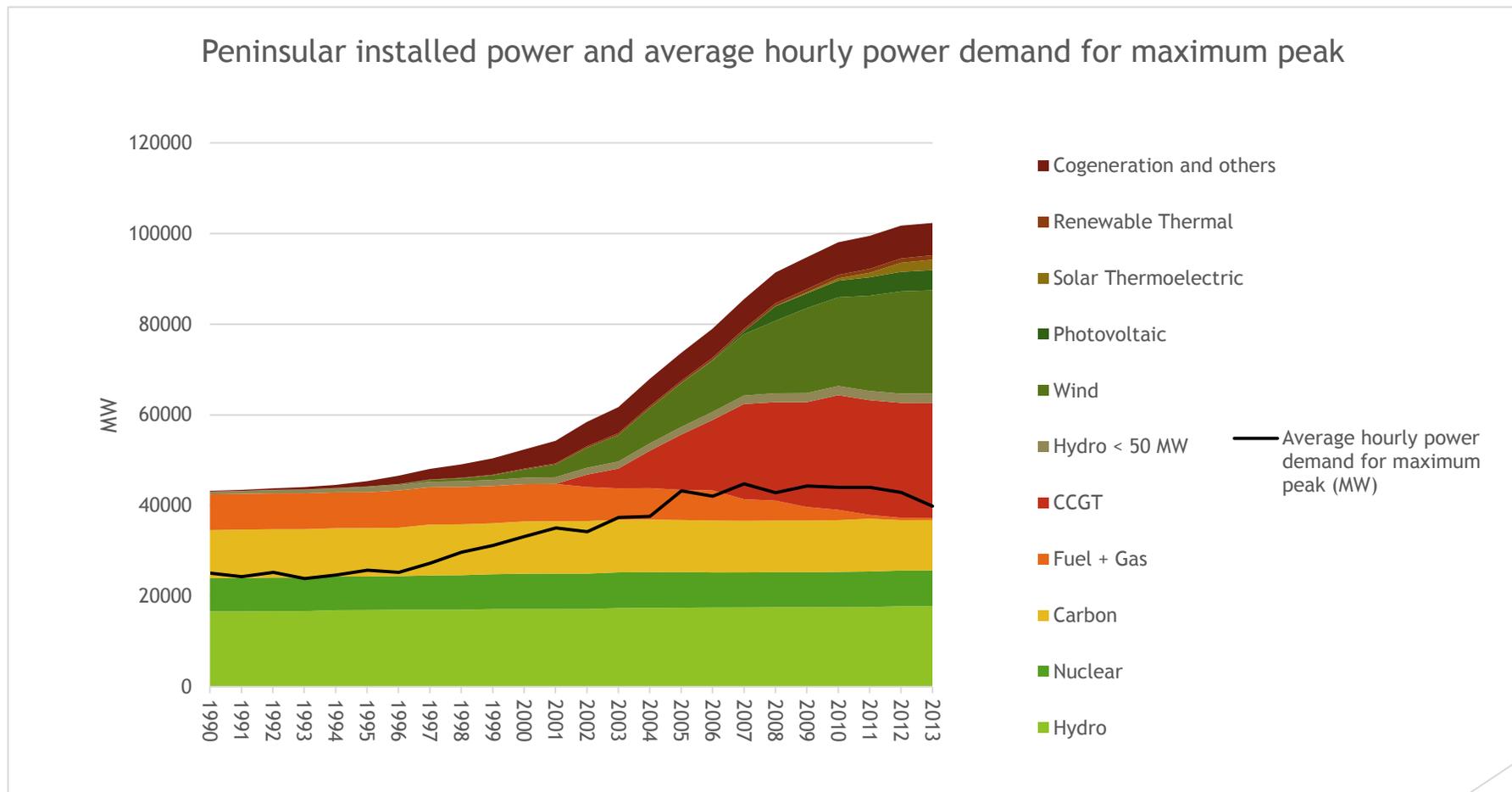


Figure 5. Peninsular installed power and average hourly power demand for maximum peak. Source: Red Eléctrica Española

2.2 Analysing the Spanish Energy Model

- ▶ The five companies constitute a lobby that has great influence on government's laws and regulations
- ▶ The revolving door between energy companies and government is a common practice. The newspaper "EL MUNDO" stated in February 2014 that 43 senior politicians were hired by energy companies after leaving politics.
- ▶ The entrenchment of companies' power to influence government's decisions for their own benefits stiffens the energy system against transformations that might affect negatively energy companies
- ▶ As the system is oversized, the CCGT are generating at low load factors (CCGTs worked at an average load factor of 0.13 in 2013), what means a huge decrease on corporations' incomes. However, a new tax called "payment for capacity" was imposed at the end of the last legislature to pay power plants for being ready to generate electricity if needed. The government will earmark 7.5 billion euros, what means approximately 750€ per family in the next decade for this purpose, even the statistics show this expense might not be necessary as the installed capacity is very high and the supply is safe

POWERFUL LOBBY

2.2 Analysing the Spanish Energy Model

- ▶ **Promoting Renewable Energies (RE)** would have been a good strategy to transform the situation as they:
 - ▶ are appropriate for decentralised systems and allow users to be energy producers, thus transforming the corporative energy market and introducing thousands of new competitors
 - ▶ reduce the dependence on external and environmentally unsound fuels
 - ▶ help reducing energy prices, even exceeding the subsidies they receive
 - ▶ 125,625 new jobs could be created until 2020
- ▶ However, **RE have been restricted by several laws** approved in the last two years:
 - ▶ The Real Decreto Ley 1/2012 declared an indefinite moratorium on new RE systems
 - ▶ The Law 15/2012 fixed new taxes on the value of electricity production
 - ▶ The Real Decreto Ley 2/2013 removed the economic incentives of the Special Regime (RE and cogeneration).
- ▶ This regulatory framework has made investors stop promoting new RE systems. In fact, Spain saw investment in RE of \$2.9 billion in 2012, but this was down 69% with respect to 2011 levels and the lowest figure for at least eight years

RENEWABLE ENERGIES ARE RESTRICTED

2.3 Highlighting the impacts on Fuel Poverty

Characteristics of the Spanish Energy Model	Indirect impacts	Impacts on Fuel Poverty
Oligopoly / Lack of competitiveness	Ineffective mechanisms to fix energy prices	Energy prices increase
Complex energy regulations	Customers' energy illiteracy	Inability to choose proper offers
	Difficulties for new companies to get into the Spanish Energy market	Energy prices increase due to lack of competitiveness
Tariff deficit	Lack of financial sustainability	Energy prices increase due to debt's interests
Energy companies constitute a powerful lobby	Governments might be influenced when defining laws and regulations	Difficulties for social mass to influence the government to define laws and regulations that mostly benefit Fuel Poor people
		Energy prices increase due to inefficient taxes
Renewable Energies are restricted	Dependence on fossil fuels	Energy prices increase
	Reduction of jobs	Less possible working opportunities
	Energy distribution costs increase	Energy prices increase

Table 1. Summary of major impacts of the Spanish EM on FP

3. The appearance of social mobilisation. The Platform for a New Energy Model

- ▶ The fight against FP emerges as a powerful argument that evidences the need of an **urgent shift towards a more just and democratic energy model** in a context of economic, financial and social crisis, since the constant energy price rises have led to very high levels of FP.
- ▶ Although some European regulations are aimed at reducing it, **FP is still not recognised by the government and Spanish energy policies have proven ineffective to address this problem.**
- ▶ Hence, **citizenship and the so called “third sector”** (NGOs, social services, mobilised citizens, social institutions, energy cooperatives, etc.) **have led the process to change the perception held by many members of the public about Spanish current energy model and demand the government its transformation.**

3.1 The PNEM: a critical view from citizenship

- ▶ The **Platform for a New Energy Model (PNEM)** is currently conformed by 315 institutions and 2,604 citizens, considering environmental organizations, trade unions, political parties, social organizations and mobilised citizens.
- ▶ It was created in 2012, aimed at **establishing networks to construct an informed and critical mass**, and to **influence the government to change the energy model**.
- ▶ They propose a new energy model on the basis of four main pillars:
 - ▶ **Savings:** The main strategy to manage energy should seek to **eliminate all unnecessary consumption** (plans to rehabilitate residential buildings, improving transport mechanisms, reducing people's perceived needs, etc).
 - ▶ **Renewable Energies:** These should **displace dirty and dangerous technologies** as soon as possible, in accordance with environmental, economic and social standards.
 - ▶ **Efficiency:** Managing energy efficiently means **readjusting consumption habits and deploying devices and complementary technologies** which automatically optimize the best possible use of energy at every moment.
 - ▶ **Sovereignty:** This means **favouring individual independence through self-supply**, as well as a **preference for medium-sized renewable energy plants tied to local consumption**. Sovereignty also means **education and information**, as well as **democratic decision-making** about which energy model to choose in the local and regional sphere.

3.1 The PNEM: a critical view from citizenship

- ▶ Even though FP is not mentioned explicitly in the PNME's strategy, it is transversally considered, as all the aforementioned proposals would contribute strongly to the reduction of FP in Spain.
- ▶ **The PNEM understands FP as a violation of the rights of citizens, and argues forcefully that the main cause of this phenomenon lies in the increase in energy prices, directly pointing to the Spanish government and large companies as ultimate responsible for this problem.**

3.2 Main milestones reached by the PNEM: problem visibility and changes in socio-political spheres

- ▶ The PNEM believes that **only with an informed and critical public opinion** is it possible to “**break the steel bonds of government and the big power companies**”
- ▶ They have been focused on **informing and mobilising the Spanish society**, as well as **introducing the energy issue into the policy and media agendas**
- ▶ As a result, the current reality is that **FP has ceased to be hidden** and even if it is still not close to be a priority for the government, it is becoming a visible issue.

3.2 Main milestones reached by the PNEM: problem visibility and changes in socio-political spheres

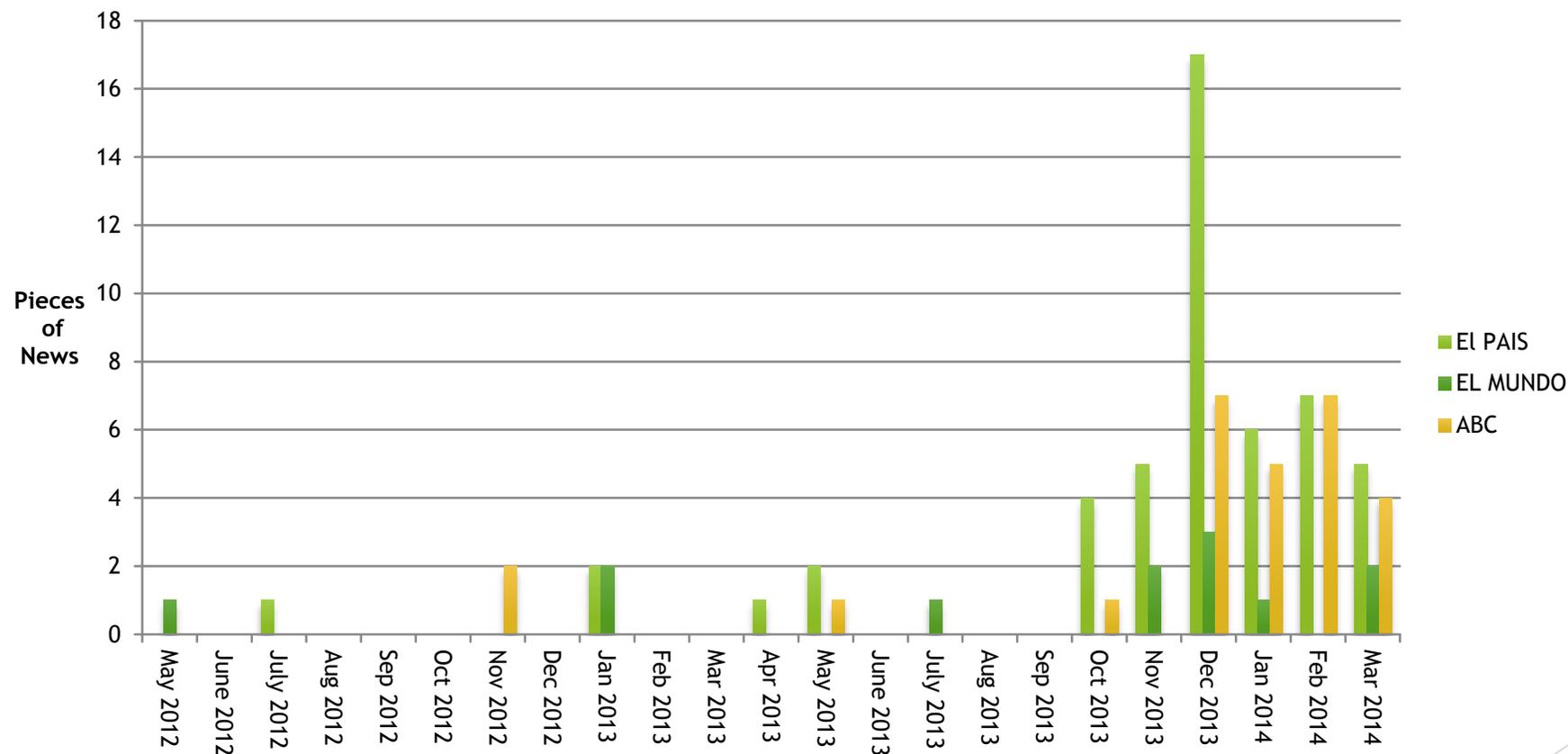


Figure 6. Fuel Poverty related pieces of news in the three main national newspapers

3.2 Main milestones reached by the PNEM: problem visibility and changes in socio-political spheres

- ▶ While it is true that **social mobilisation has not been able to change the government positioning**, the transformation of the social context and its critics to the energy model has had a **strong impact on POLITICAL PARTIES' VALUES**.
- ▶ In December 2013, **14 Political parties** signed a declaration committing themselves, once they have governance responsibilities, to repeal the Electricity Sector Reform and **implement measures against FP and for a new energy model**
- ▶ In May 2014, **20 Political parties** signed a declaration committing themselves, once they have governance responsibilities, to **forbid fracking**

3.2 Main milestones reached by the PNEM: problem visibility and changes in socio-political spheres

- ▶ The PNEM has had great impact on **SOCIAL CULTURE**. Public opinion and values are moving towards a more accountable and democratic model
- ▶ In fact, **81% of the Spaniards** thinks that RE should be prioritised in the next 30 years (TNS Political & Social, 2013).
- ▶ Moreover, **people's attitudes** are also changing thanks to their recent knowledge about energy:
 - ▶ **Energy cooperatives** are greatly increasing their number of customers
 - ▶ **Green energy demand** is growing
 - ▶ Thousands of users are **downgrading their contracted power** because it is widely oversized

3.2 Main milestones reached by the PNEM: problem visibility and changes in socio-political spheres

- ▶ Moreover, the PNEM has contributed to **change the POLITICAL CULTURE** in Spain. It promotes new participatory processes for decision-making.
- ▶ It actively collaborated with the **direct democracy initiative** to decide the vote of a Deputy in Parliament before the electricity reform proposed by the government in October 2013.

3.2 Main milestones reached by the PNEM

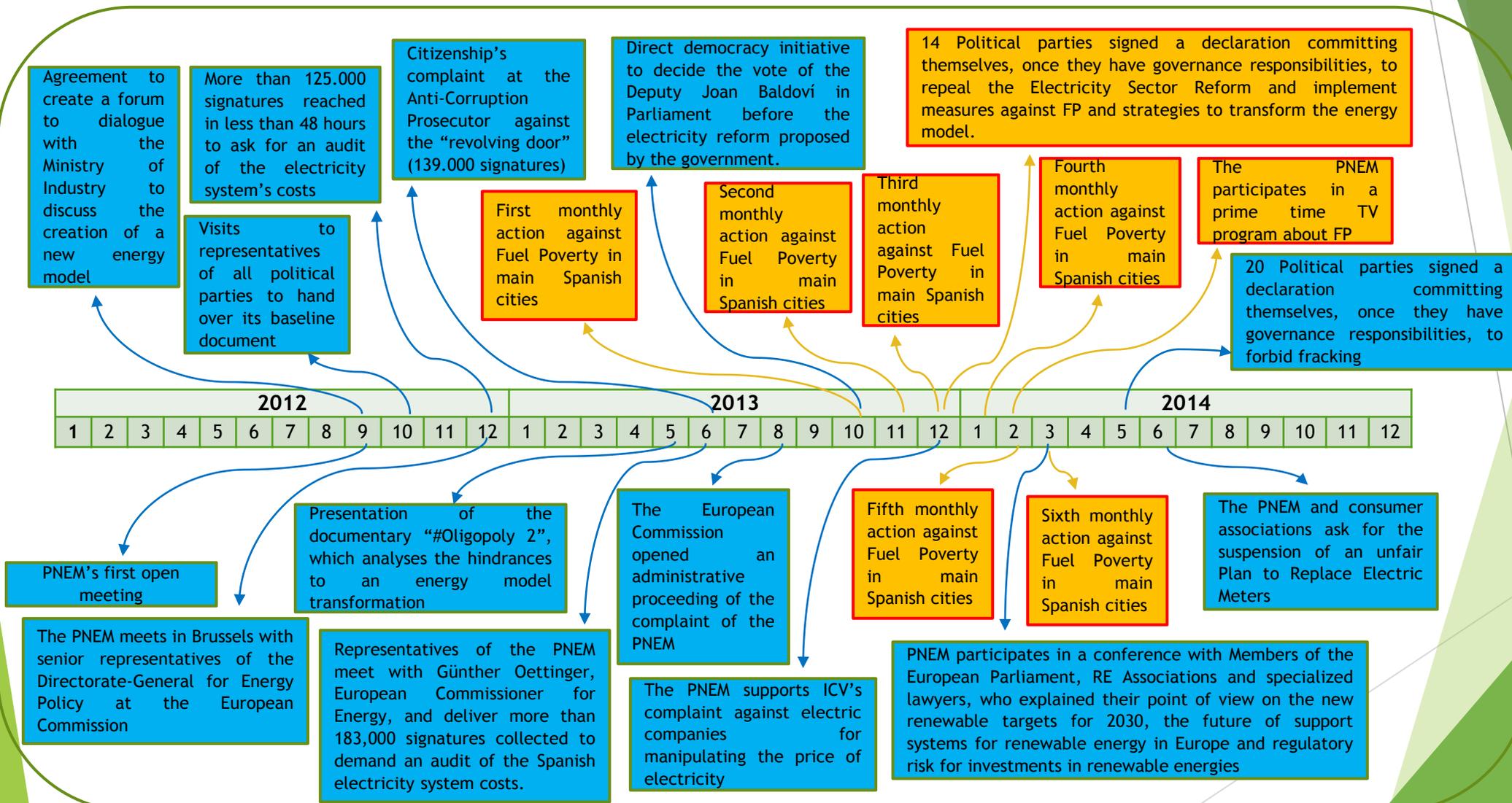


Figure 7. Main milestones achieved by the PNEM

3.2 Main milestones reached by the PNEM

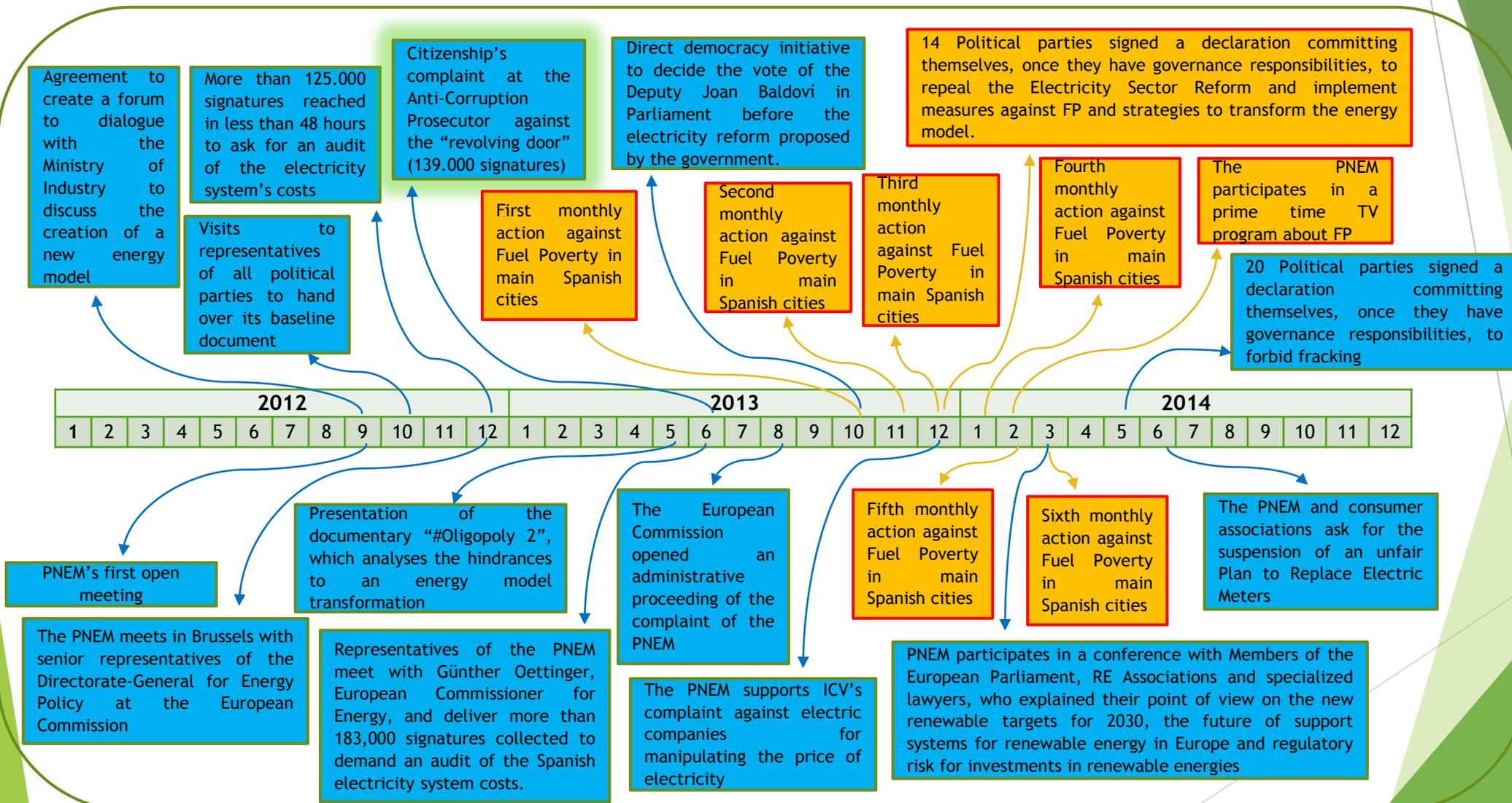


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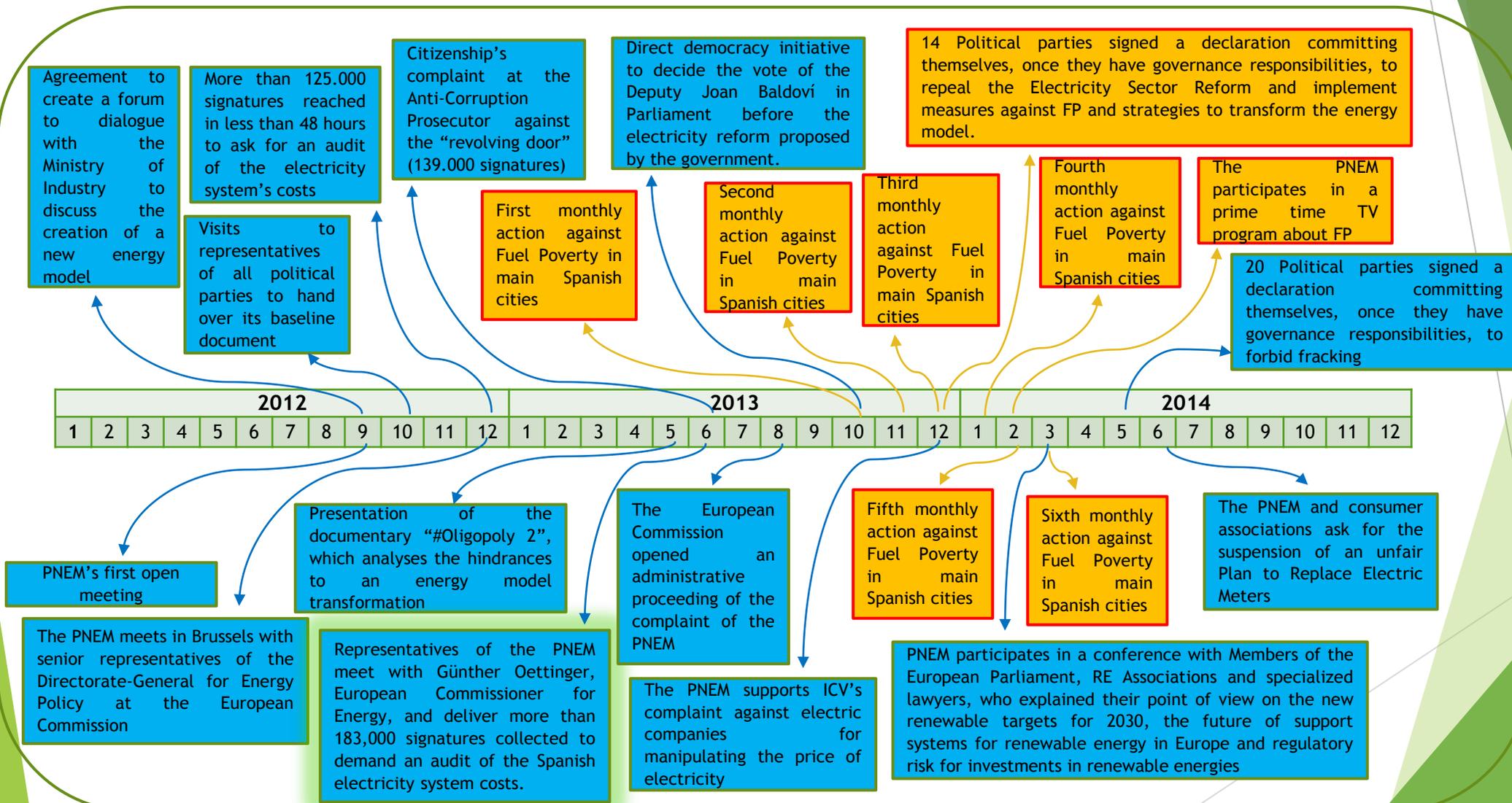


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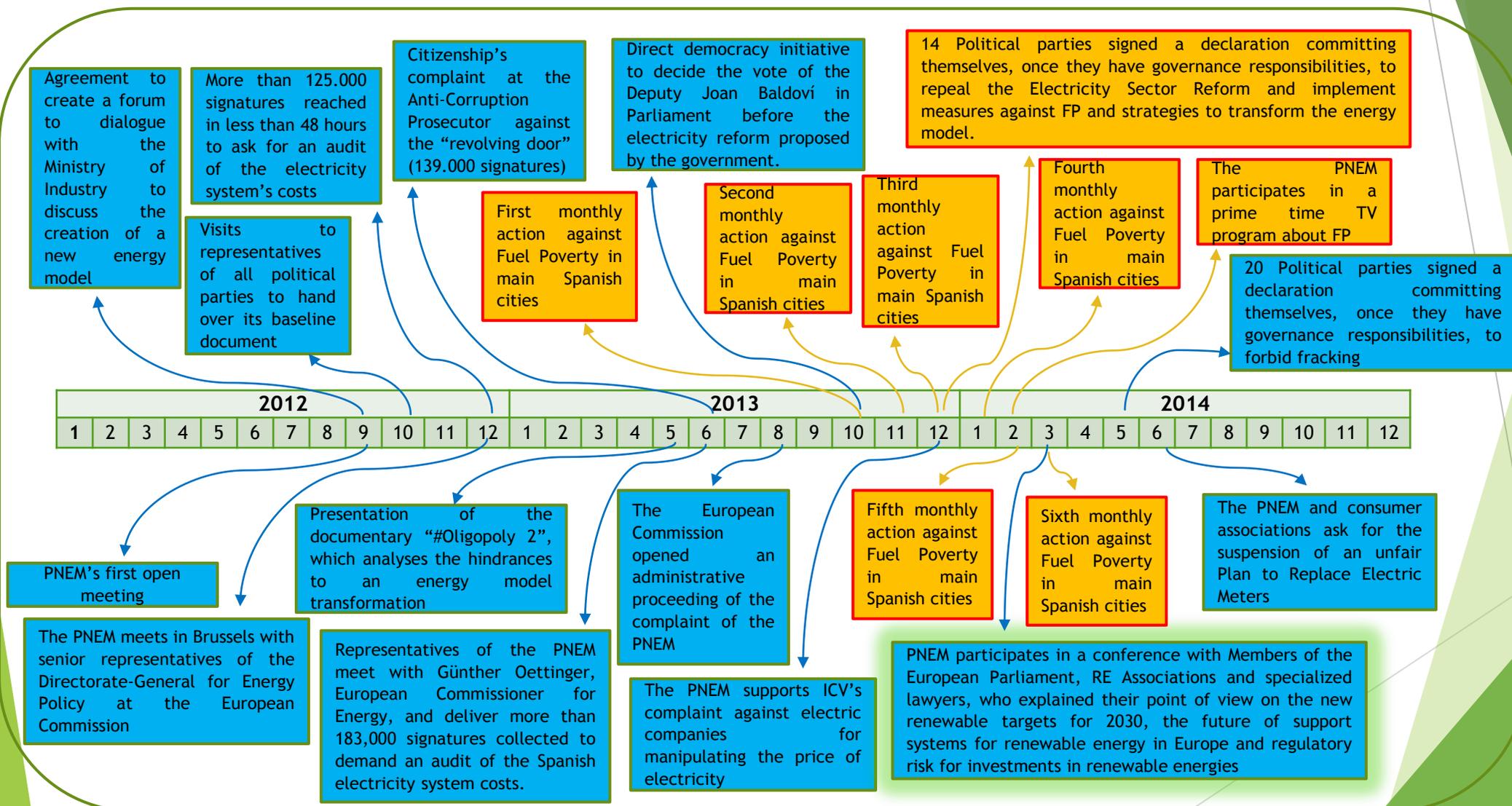


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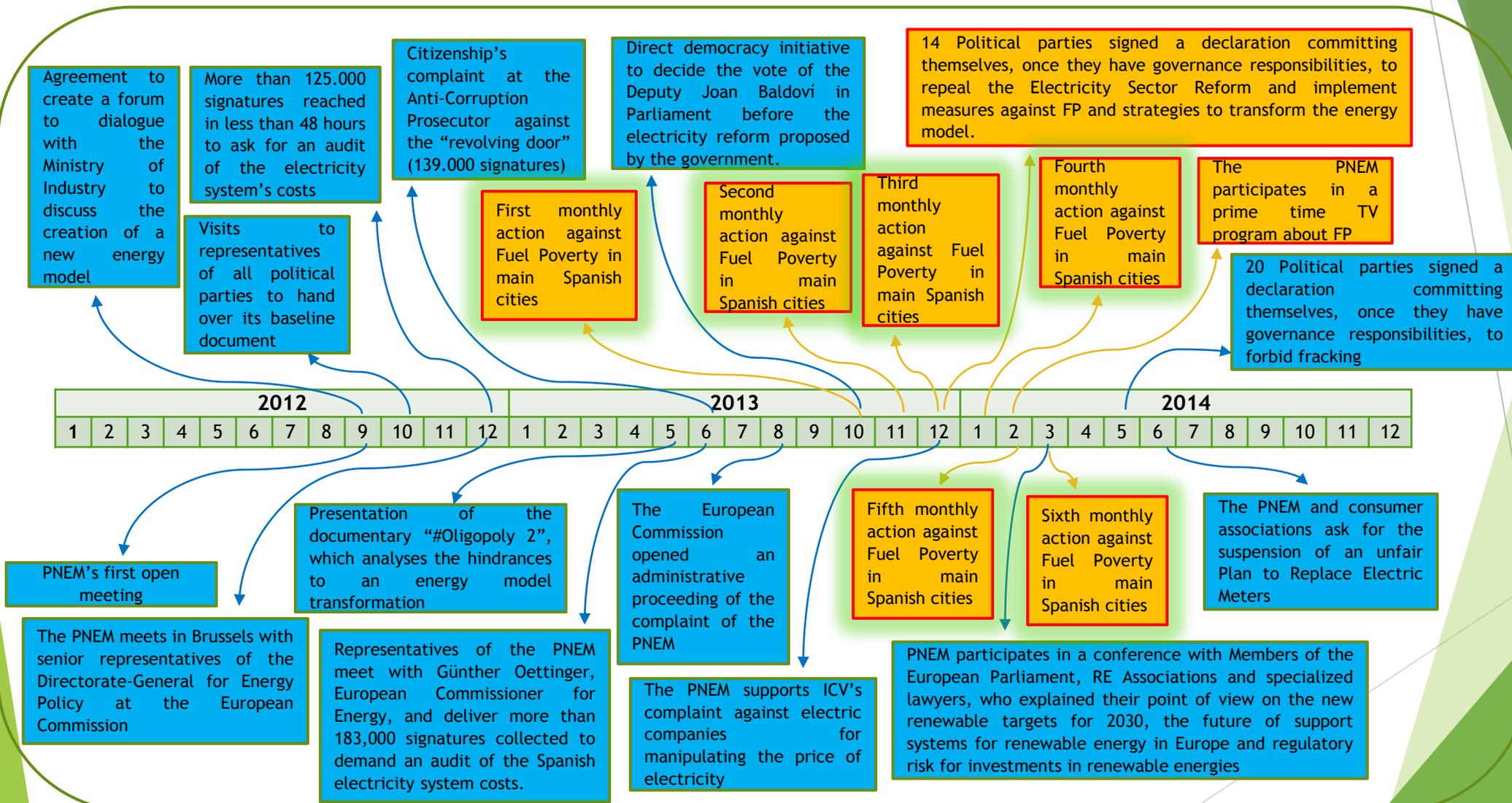


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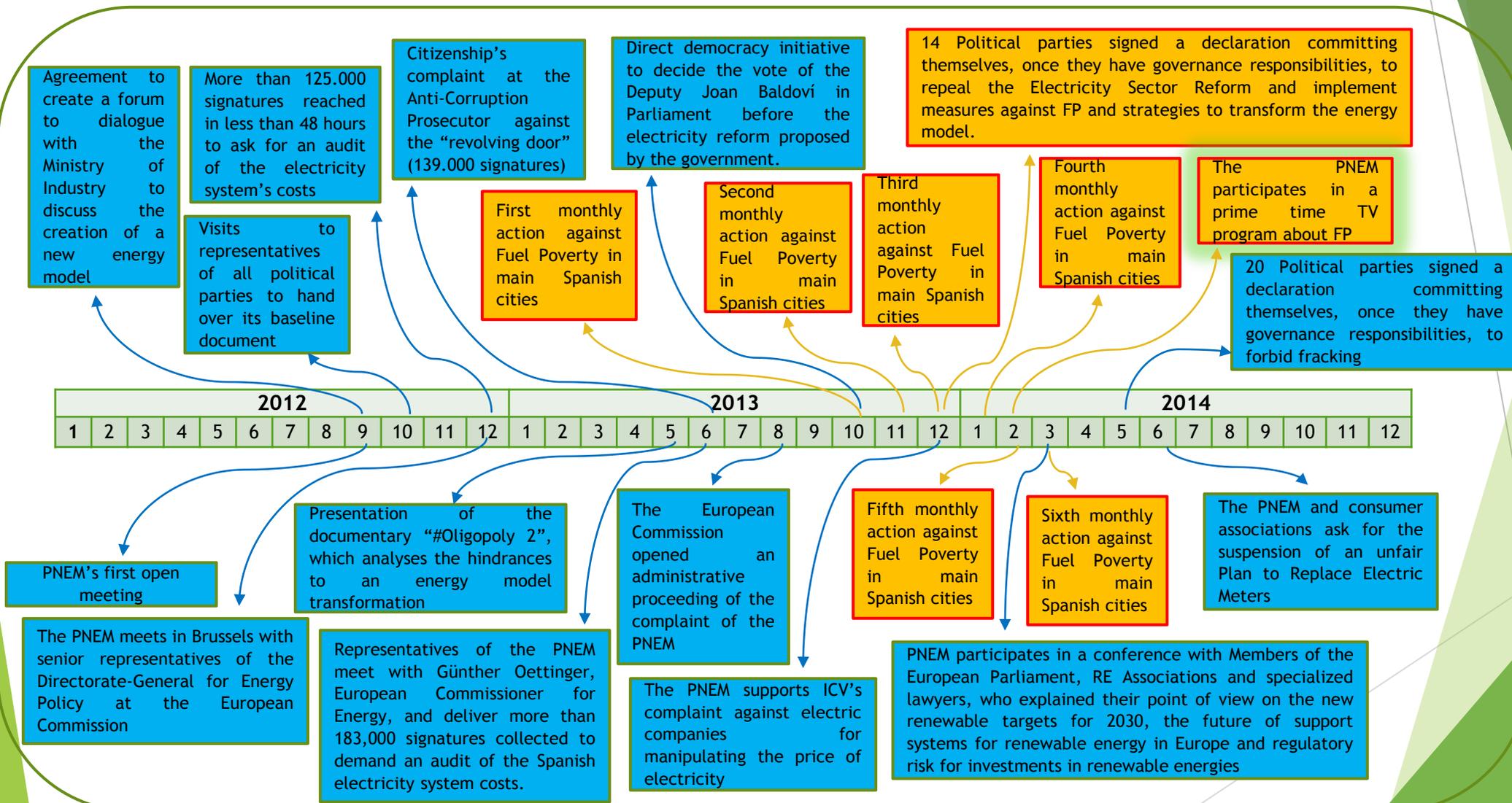


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3.3 Future challenges and recommendations

- ▶ While it is true that the PNEM has achieved great success in some aspects, there are still many barriers to overcome:
 - ▶ No major changes have been reached regarding social capacity to control political representatives
 - ▶ No plans to address energy efficiency have been defined
 - ▶ Investment in new RE systems is not being promoted
 - ▶ FP is dramatically increasing
- ▶ Nevertheless, the PNEM's strategies seem to be well defined, as they address the main issues identified regarding the impacts of the SEM on FP. Hence, the PNEM should keep focusing on:
 - ▶ making FP visible
 - ▶ generating informed and critical mass, so as the population can be aware of the energy reality and have arguments to claim their rights
 - ▶ promoting the creation of new decision-making participatory spaces to define a new Energy Model.
- ▶ As these objectives are reached over time, their demands regarding specific plans to reduce FP and the definition of new laws and regulations that promote competitiveness and investment on RE, efficiency improvement and energy sovereignty strengthening, will have stronger impacts on public institutions and further changes will probably be achieved.

4. Conclusions

- ▶ Fuel Poverty levels in Spain have increased in recent years and the Energy Model has had a lot to do with this increase. **Lack of competitiveness, complex energy regulations, tariff deficit, a powerful energy lobby and restrictions over RE are having a negative impact on FP.**
- ▶ Since the government's laws and regulations have proven inefficient to change this situation, **social mobilisation** has appeared. The most important stakeholder in this process is the PNEM, which **has achieved substantial success on changing social and political culture** regarding the SEM in the last two years.
- ▶ However, their objectives are still far to be reached and further work is needed. Hence, **making FP visible, constructing critical mass and promoting decision-making participatory processes** should be emphasised in future strategies to achieve major transformations.



THANK YOU FOR YOUR ATTENTION

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