Policies affecting energy poverty in Belgium: paradoxes between social and climate policies

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Abstract
This paper sketches the framework of policies dealing, often indirectly, with energy poverty in Belgium and originating in social laws, a federal competence. As most competences related to energy are dealt with at the Regional level, this paper is mainly focused on Wallonia, the Southern and French-speaking Region of Belgium and on several policy instruments: prepayment meters, subsidies for energy-related renovations and loans of the Housing Fund for low-income-families. The description of their rules and modes of operation raises several issues related to distributional and procedural justice.

1. Introduction

In Belgium between 2000 and 2010, public policies supporting access to energy underwent profound changes, following the implementation of climate policies, as well as the opening of gas and electricity markets. Belgium is a federal state where the federal level is competent for social policy, which is thus en force in the three Belgian Regions, while the Regions are competent for most energy matters. These policies are sometimes interconnected, such as those dealing with energy poverty. Therefore, even if this paper focuses on Wallonia, the Southern and French-speaking Region of Wallonia, this paper first describes two social policy instruments indirectly dealing with energy poverty voted at the federal level. The next and main section presents and discusses three policy instruments related to energy poverty that are operated by the Walloon Regional government.

In Belgium, before market liberalisation imposed by the European Union, a private enterprise had a near monopoly on electricity production, and employers and union representatives monitored prices and the production planning. Distribution and supply were legally entrusted to the municipalities. With few exceptions, most of them were associated with inter-municipal organisations and most of the latter had decided to subcontract the management of their activities to the private enterprise of power generation, so that this enterprise de facto mastered the entire chain. Following the liberalisation, and in accordance with the European requirement on separation of functions of distribution and sale, the inter-municipal organisations gradually came to be differentiated from the private enterprise, while enhancing their public character (Declercq 2000, Declercq and Vincent 2000a and b).

2. Federal policy instruments dealing with energy poverty

In Belgium, the federal level is competent for the system of social protection. The first law dealing indirectly with energy poverty was focused on indebted consumers and voted for in 2002 (Vande Lanotte Law). This law is implemented at the municipal level.

This 2002 law confirmed social tariffs for gas and electricity that are granted on the federal level to households benefiting from a social status (e.g. individuals receiving a social integration revenue, the elderly receiving a guaranteed income, handicapped people, etc).
At the same time, the federal government created a fund allowing both financing the installation of debt mediation centres in the Public Centres for Social Action (each municipality has such a Centre) as well as intervening in paying the bills of households that, “despite their personal efforts”\(^1\) cannot manage to get out of debt. Financed by a contribution raising the kWh cost for all households, this fund has been provided with considerable means (43 million €) with regard to financing social tariffs (22 million €), according to the federal regulator (CREG, 2004: 60).

While the distribution of these means among the various municipalities is done on the basis of a ‘key’ taking into account the number of social aid beneficiaries, the recipients of this assistance are not limited by any administrative category and largely left to the discernment of local authorities, who allot these aids upon the decision of the social action council.

3. A focus on pre-payment meters in Wallonia

We now focus the analysis on Wallonia, the Southern and French-speaking Region of Belgium. Its building stock is made of 87% of houses that are old in general: in 2009, 31% of them were built before 1900, more than half between 1900 and 1980, and only 16% after 1981 (Bartiaux, Gram-Hanssen \textit{et al.}, 2011: 71).

In Wallonia, gas and electricity utilities had agreed to refrain from interrupting gas and electricity deliveries to their debtor consumers during winter. The years 2001 and 2002 saw the publication of the legal framework\(^2\) introducing prepayment meters in energy policies with the aim at avoiding cut-offs of gas or electricity.

3.1. The right to energy profoundly modified: a description of the evolutions

As shown above, the Public Centres for Social Actions have thus received new means for preventing energy cut-offs. The debt mediators can thus play a third-party role between the energy distributor and households with difficulties in paying their gas or electricity bills: checking the accuracy of the bill, ensuring the absence of error in reading indices, negotiating a plan for debt payment. The possibility of decreasing the portion of the debt remaining the household’s responsibility opens a space of negotiation which makes it possible to take into account both the interests of the distributing companies and the budgetary constraints of the households concerned.

At the same time, the Walloon Region adopted two decrees organizing the opening of gas and electricity markets to competition, which finally took place in January 2007. These decree offered a legal framework for the installation of prepayment meters, which the public utilities had already been experimenting with for electricity for a few years, faced with situations of recurring payment defaults. Concretely, these prepayment meters cut off electricity or gas supply when there is no more money in the magnetic card which consumers have to insert in the meter.\(^3\) One must then reintroduce an amount into the machine to re-establish one’s energy access. Prepayment meters were introduced in 2004 (for electricity) and 2008 (for gas).

The number of installations of electric prepayment meters has increased from 8,500 actual placements in 2005 to 13,900 in 2010 (CWAPE, 2006: 20 and CWAPE, 2011: 20). Similarly, the number of electric prepayment meters in use is also increasing, from 20,000 at the end of 2005 (CWAPE, 2006: 14-15) to 46,000 at the end of 2010 (CWAPE, 2011: 31), the number of residential clients passing from 1,380,000 clients in 2005 (CWAPE, 2006: 7) to 1,513,000 in 2010 (CWAPE, 2011: 4). These figures indicate that in Wallonia, the proportion of residential clients having to use an electric prepayment meter has more than doubled in five years, passing from 1.45% to 3.04%.

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\(^1\) See the 2\(^{nd}\) article of the 4\(^{th}\) September 2002 law attributing to the Public Centre for Social Action a mission of guidance and financial assistance for energy supply for the poorest. [http://www.ejustice.just.fgov.be/doc/rech_f.htm](http://www.ejustice.just.fgov.be/doc/rech_f.htm)

\(^2\) Decrees of 12/4/2001 and 19/12/2002 respectively for electricity and gas.

\(^3\) A small possibility of going into the ‘red’ has nevertheless been introduced to allow time for users to recharge their prepaid cards.
In other countries, there are similar systems, namely in Great Britain, where “a total of 5.9 million PPMs [prepayment meters] are in use” (Boardman, 2010: 81) and in New Zealand (O’Sullivan et al., 2011).

In Wallonia, the political motivations for introducing the prepayment meters are said to be threefold: to control consumption, to limit debt and to avoid cut-offs (CWAPE, 2010: 5). Indeed, the prepayment meter is initially presented as a device facilitating an easier following of consumption. In providing households a better awareness of what they consume, the policy thus hopes to offer to them a tool for avoiding wasting energy. A comparison is made with coal or wood (CWAPE, 2010): the household which must stoke its stove realizes what it consumes, unlike a gas meter which turns without the consumer really being aware of it, until the bill comes. Another comparison is made with fuel oil, which households also have to prepay, making that kind of debt impossible. That is the second motivation evoked. Lastly, according to the public authorities, placing the meter is also aimed at avoiding gas cut-offs, subject at that time to a decision by a local commission (made up of a social worker, a representative of the gas distributor and a member of the social action council, who chairs it). This installation is considered to be preferable to the installation of a device limiting electric power. With electricity, households are thenceforth able to consume at ‘full power’ as long as they recharge their prepayment cards.

At its beginnings, the prepayment meter was installed at the end of a process, instead of a cut-off, after having exhausted the possibilities of a payment plan, perhaps negotiated with the support and intervention of the Public Centre for Social Action (see above). Wanting to limit debt situations as fast as possible, the Regional legislator, by a decree in 2001, authorized the public utilities of the period to install prepayment meters much more quickly, that is to say after the second reminder of an unpaid bill, without making a distinction between installation bills and annual statements. Negotiating a debt payment plan remains possible but no longer has a constraining character and is more difficult to obtain in practice, an agreement even having to be reached within deadlines that not all the Public Centres for Social Action can meet (see above). Nor do these deadlines allow either the possibility of evaluating the accuracy and relevance of the installation bill (sometimes quite high) or of detecting misbillings. Indeed, prepayment meters are sometimes installed for non-existent or contested debts.

To protect “vulnerable” customers from automatic cut-off situations, the status of protected customer has been created (beneficiaries of the federal social tariffs (as seen above), as well as households registered in a mediation or collective debt payment process, hence without taking into account income or quality of housing criteria). For electricity, these protected clients are protected from automatic cuts by the presence of a power limiter associated with the prepayment meter, enabling them to continue to consume up to 1,320 Watts (raised in 2008 to 2,200 Watts) when their prepayment card is empty. But between 5 and 7% of prepayment meters installed are also equipped with this power limiting device, which means that the same low proportion of indebted consumers are protected against automatic cut-offs. As well pointed out by O’Sullivan et al. (2011: 735), “this household disconnection is misleadingly termed ‘self-disconnection’ given that the electricity company is not disabling the connection to the electricity grid”. The technical impossibility of establishing a limiter tool for gas has led public authorities to protect vulnerable customers from automatic cut-off situations by giving them the right to obtain a recharging card upon request to their network operator during the winter period. Notwithstanding, these customers have to pay for this electricity or gas consumption, but can apply for some aid from local authorities.

### 3.2. Changes in decision procedures

Therefore, the local commissions have been maintained but their role is changed: it is now limited

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4 Modification of the 33bis article of the electricity Decree of 2001 by article 52 of the 17th July 2008 Decree.
to maintaining or suppressing the measures protecting vulnerable clients. Indeed, at a network manager’s request, they can decide to keep or to remove the limitation of power device (electricity) after six months of the household’s failing to replenish the prepayment meter, or the number of kWh of gas to be granted for the remainder of the winter season. These local commissions can also decide on intervening in financing the kWh consumed with a power limiter (electricity) or with a card (gas). For gas, such intervention is limited to 70% of costs, supported by a regional fund for energy (gas and electricity).5

This satisfies the distribution companies since these devices raise the priorities of paying energy bills in all of these households and reduce to zero the risk of non-payment among unprotected customers where only prepayment meters are installed. Moreover, henceforth, nobody has to decide on cut-offs. The problems of access to energy are thus referred to the private sphere.

With the opening of the markets to competition, these difficulties are clearly accentuated. From here on in, the contractual relationships between customers and suppliers fit into much shorter time limits (the term of the contract, without counting the legal possibilities of changing the supplier) which limit the interest of management and a prevention of litigations (paying attention to calculating installation costs adapted to consumptions, negotiating payment deadlines, defining a payment plan which takes the budgetary constraints of households into account). Whereas public utilities of the captive market had an economic interest in preventing and managing outstanding debt and only using prepayment meters as an ultimate recourse, suppliers in competition primarily seek to limit their non-payment risks. This is possible either by breaking supply agreements (which amounts to passing customers considered to be bad payers on to their competitors), or by requiring the installation of prepayment meters as fast as possible, which maintains the contractual relation but empties it of any risk of non-payment. Prepayment meter installation costs not being charged to suppliers but to network managers (who pass their costs on to consumers, via distribution tariffs) the suppliers do not hesitate to use the installation of prepayment meters as a threat in order to obtain fast payment.

4. Two other regional policy instruments

This section is devoted to the presentation of the subsidies for energy-related renovations followed by the presentation of low interest loans for low-income families. These instruments are further discussed in the concluding discussion.

4.1 Subsidies for energy-related renovations

In 2011, there are6 24 different subsidies in the Walloon Region that can be requested by dwellers when insulating their dwelling’s roof, walls, or floors, installing a new energy-efficient boiler or solar panels (hot water), or when having a thermography and/or an energy assessment realised. Furthermore, another subsidy is available for doing a general rehabilitation of an old house, after a kind of energy assessment that defines the mandatory energy-related renovations to be realised in a two-year period. There is also a special subsidy for the construction of a ‘net-zero emission house’.

However, upfront costs are not dealt with by these subsidies, which raise a question of distributional justice. This problem is well illustrated by the next quotes, drawn from in-depth interviews that


6 This situation should change in 2012. See http://nollet.wallonie.be/sites/default/files/nodes/story/3118-aepwpgw.pdf
were realised in 2009 with recent house buyers\textsuperscript{7}. The first informant has benefitted from several subsidies whereas the second one had no financial access to them: her income is about half the one of the household of the first quoted woman, which counts two adults working full-time.

- I: “What is your opinion on the premiums and subsidies granted by the Walloon Region?”
- Mrs: (Hesitation) Well that’s great. For those who receive them! (Laughs) (Hesitation) Now it’s not that ... yes, yes it can perhaps be a little motivating, calls the attention ... well, it opens the eye on the kind of work that can be done in homes. (...) Well, it’s a small gift (...) Now, as always, it must be ... well, you must first have money to do the work. (hesitation) ... So again, it is only for some people ... somehow. (Bénédicte, teacher, living in pair, MA degree, 35 years old)

- Mrs: “I have accepted [the interview] because I told myself that I probably had a non-typical profile.”
- I: “Why?”
- Mrs: “Because I have bought [the house] four years ago, I have no money and at the same time, I have in practice no access to the subsidies. (…) To have access to the subsidies, money is needed because to be able to invest is needed.” (Full-time employee, BA degree, social worker, living alone, about 40 years old).

A third illustration of this distributional injustice is shown in another interview: a just retired lawyer (65 years old) quickly makes financial calculations during the interview when it comes to his PV panels and concludes so: “a 23% annual [yield], if you know other [so fruitful investments], I am quite interested.”\textsuperscript{8}

Beside the issue of upfront costs, these subsidies raise other problems related to both procedural and distributional justice (Bartiaux, 2011): they require administrative competences, including on the Internet, to find the information and fill in the forms, as well as calculation competences to decide whether the rehabilitation subsidy is more profitable than the addition of several specific subsidies. Finally, searching for cost estimates, dealing with them and finding the best trade-off between price and quality of service are also required skills that are not evenly distributed among home owners.

### 4.2 Low-interest loans for low-income families

The Housing Fund of large families of Wallonia, usually referred to as ‘the Housing Fund’, grants low-interest loans for low-income families with at least two children. Those loans usually include mandatory energy-related renovations decided after a kind of light energy assessment realised by an advisor of the Fund. The procedure is told by a mother having been granted such a loan:

- Mrs: “An expert also came for the works and gave us a certain amount [of allowed but still virtual money] to do each work, so with that amount he had proposed, we didn’t have such a large choice (…), we took the least expensive.” Just earlier: “they have nicely worked except that they have forgotten some little things, as there, below the door, you see that there is some air passing through”.
- I: “Indeed!” [The interviewer was quite surprised as there was a 2 cm difference between the floor and the main door.]
- Mrs: “And the door handle, you open the door a little too abruptly, and you get the door handle in your hands. So we have contacted them, so they already came and fix it 2 or 4 times, but according to what we just heard, they are bankrupt” (Daphné, no diploma, allowance for handicapped persons, 35 years old).

This household is certainly living in energy poverty as the condition of the dwelling is very old and poor; to the interviewer’s question about the temperature in the living room during the last winter

\textsuperscript{7} Those in-depth interviews were realised in the framework of a IEE-funded research project. For more details, see Bartiaux (2011) and www.ideal-epbd.eu
\textsuperscript{8} This subsidy for PV panels is now suppressed.
they answer that:

- Mrs: “My legs were blue, do you remember?”
- Mr: “Yes, 10 or 9°C. It was cold indeed.”

Even if the Housing Fund solves the upfront-costs problem by handling the requests for the subsidies, which are deducted from the amount remaining to be paid to the Fund, this in-depth interview shows that it does not provide enough support to this poorer family that has no other help to deal with the realisation of mandatory energy-related works.

On the contrary, another family received much more help from the advisor of the Fund and could finally do more than what he had ordered, namely the insulation of the attic floor:

- Mrs: “That professional was recommended by the Housing Fund. (…) We have done what we wanted though, and finally, we succeeded to have a complete and perfect insulation of the whole roof.” (Annette, 12 years of schooling, employee, about 40 years old)

These two interviews show that the procedures may be quite different, and for those two cases, the support given by the Fund appear to be inversely proportional to the families’ levels of economic, social and cultural capitals. Distributional and procedural aspects of energy justice are thus at stake also here.

**4.3 Different logics**

Different logics thus appear to be implemented in the attribution of subsidies for energy-related renovations (Garvey, 2008).

A first case is a distributive (to everyone, equally) and procedural (by filling in forms) logic when the subsidies are available to anyone renovating his/her dwelling to save energy, regardless of the condition of the dwelling and the financial means of the household. In this case however, the subsidies should be distributed before the beginning of the work, for otherwise they would benefit only the households who can pay the upfront costs. But how to ensure then that the work will be correctly done?

In a second case, a more retributive or meritocratic logic is at work when subsidies are awarded in proportion to the savings expected by carrying out the works – with two risks: that only those who can afford to carry them out can claim the subsidies and that the largest polluters receive the largest amounts of money for they can save the highest quantity of energy. This second logic is clearly intended to carry out overall energy savings and beneficiaries are not only the occupants of the dwellings in question, but more generally the current and future population. Paradoxically, in these first two cases of distributive or retributive justice, subsidies so granted may be factors increasing social inequalities.

By contrast, and this is our third case, in a logic that clearly aims at reducing inequality and poverty by lowering the buildings’ energy costs, subsidies should be granted to facilitate access to cheaper heat or electricity, independently of a predetermined environmental objective and of the possibility of a personal contribution to the renovation work.

Therefore it appears that energy justice requires a distributive logic (a minimum amount per household) that contrasts with the laws of the market, which follows the logic of retribution.

**5. Concluding discussion**

As seen with the prepayment meters and also with the subsidies for energy-related renovations, the access to energy is now referred to the private sphere (SLPPE, 2007: 142). They no longer rely on a collective responsibility capable of being the object of statistics animating the public debate: until recently, public authorities affirmed that it was impossible to measure the number of automatic cut-
offs households equipped with budget meters had been subjected to. Social rights are individualised and ‘personal efforts’ are demanded in exchange of social help (see also Castel, 2009). The market regulation prevails on public regulation. Once the prepayment meter is installed, the supplier no longer incurs any risk of non-payment. That risk is transformed into the risk of automatic cut-offs, assumed by the customers themselves, some among them reaching the end of their (pay) months unable to cook their food, while being constrained to wash themselves with cold water, or in giving up on heating their dwelling. To date, no serious study has been able to analyse the extent of these phenomena or even that of self-rationing (anticipating automatic cut-offs in limiting oneself). Prepayment meters testify to the “institutional erosion coupled with enforced individualization” denounced by Bauman (2001: 9, 28).

This obviously raises the question of the energy services that are considered necessary for human dignity and social integration (for a discussion of basic energy services, see Bartiaux, Frogneux and Servais, 2011, and for a broader discussion of the notion of ‘needs’, see Soper, 2006). But these questions are not dealt with by public authorities who above all insist on the need for controlling consumption and the importance of saving energy – or discuss who should be categorised as vulnerable or not.

On the contrary, global warming should bring along ‘new relations of interdependence’ (Szerszynski, 2010: 25), and a sense of ‘cosmopolitan communities of risk’ (Beck, 2010: 260). But the individual responsibilisation of citizens and the control given to the market are not showing an evolution following this trend. However, there are political efforts to change the situation.

This study has also shown that energy-related subsidies do increase social inequalities and so do probably low-interest loans procedures. This leads to what the UNDP (2007) calls “adaptation apartheid”. As put by Walker (2008) “low-income households will become even more of an energy ‘underclass’”. Again, the Walloon government has announced several changes in this respect.

6. References


9 “At a symposium on April the 1st, 2010, organized by the Federation of Public Centres for Social Action focused on the liberalization of gas markets and electricity, the CWAPE became aware of the feasibility of monitoring automatic cut-offs, a monitoring deemed impossible until then.” (CWAPE, 2010, p.50). The CWAPE is the Walloon regulator.


