

## Addressing Regional Energy Inequalities in Europe

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### Recognizing that:

- The European Green Deal (COM(2019)640 final) aims to make Europe the first climate-neutral continent by 2050, ensuring that no region or citizen is left behind in the transition to sustainable energy. <sup>1</sup>
- The Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources (RED II) emphasizes increasing the share of renewable energy across all EU regions to address disparities. <sup>2</sup>
- The Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality (The European Climate Law) calls for equitable climate action across all Member States. <sup>3</sup>
- The Just Transition Mechanism (JTM) allocates €17.5 billion under the Just Transition Fund to support regions heavily dependent on fossil fuels or high-emission industries. <sup>4</sup>
- The EU has significant energy inequalities both in the context of Nordic vs Southern countries as well as at a local level via the urban-rural divide within individual countries. Energy costs in Eastern and Southern European countries remain disproportionately high relative to average incomes, with energy poverty rates exceeding 30% in Bulgaria and Greece, compared to less than 5% in Scandinavian countries. <sup>5</sup>
- Systemic disadvantages exist in the energy infrastructure of rural areas across Europe, where communities experience limited access to renewable energy projects and smart grid technologies. <sup>6</sup> These challenges not only hinder the energy transition but also affect economic development, environmental sustainability, and social equity in these regions.
- Low-income households within the EU are facing energy poverty in recent years, where they struggle to pay heating and electricity bills, especially with energy prices surging globally. According to Eurostat, more than 34 million Europeans were unable to afford adequate heating in 2022, with significant disparities between low-income and high-income households as well as between Northern and Southern Europe. <sup>7</sup>

<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52019DC0640>

<sup>2</sup> <https://eur-lex.europa.eu/eli/dir/2018/2001/oj/eng>

<sup>3</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism_en)

<sup>4</sup> <https://eur-lex.europa.eu/eli/reg/2021/1119/oj/eng>

<sup>5</sup> [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733583/EPRS\\_BRI%282022%29733583\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733583/EPRS_BRI%282022%29733583_EN.pdf)

<sup>6</sup> <https://publications.jrc.ec.europa.eu/repository/handle/JRC135612>

<sup>7</sup> [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733583/EPRS\\_BRI%282022%29733583\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733583/EPRS_BRI%282022%29733583_EN.pdf)

- Various EU climate action policies which are targeted towards transitioning to clean and affordable energy resources have a repressive effect on vulnerable groups of the community, lower income households and marginalized areas within Europe (i.e., taxation, subsidization of alternative energy resources, fines), increasing energy poverty levels. The 2023 European Commission report on energy poverty underscores a critical tension between environmental policies and social equity. For instance, while carbon pricing is a key tool in the EU's strategy to reduce greenhouse gas emissions and transition to a low-carbon economy, the report reveals that its regressive impacts disproportionately affect low-income households.<sup>8</sup>
- Disparities in education and awareness on sustainable practices can serve as significant barriers to the effective adoption of renewable energy solutions in less developed regions. Recent Industry research conducted reveals that a lack of targeted knowledge, limited access to technical training, and insufficient community engagement can slow down or even block the transition to cleaner energy sources.<sup>9</sup>

#### **Acknowledging that:**

- The EU has made substantial steps towards climate action, promoting renewable energy resources and achieving key sustainable development goals. However, the regional energy inequalities arising pose a threat towards optimization of goals on environmental sustainability in Europe. The promotion of a pan-European strategy for energy equity can serve as a catalyst for achieving climate neutrality, with reduced CO2 emissions and improved energy security across the region.<sup>10</sup>
- Even though renewable energy resource use has increased in recent years, some European countries remain over-reliant on coal, oil and natural gas in terms of energy production. The reason behind the reliance on fossil fuel for Southern Europe countries derives from the lack of infrastructure and political constraints in transitioning to renewable energy resources.<sup>11</sup>
- Given the geopolitical risks arising from the ongoing war in Ukraine and other regional tensions, several countries have redirected substantial investments towards defense and military preparedness rather than prioritizing sustainable energy development and the infrastructure necessary to support the green transition. As a result, these nations face significant challenges in meeting their climate and energy targets, potentially hindering their progress toward achieving long-term sustainability goals.
- Climate action varies across Europe, given that various countries face economic and political challenges that influence their ability to implement sustainable policies. Wealthier nations with stable institutions—often in Western and Northern Europe—are able to invest more funds in renewable technologies and enforce robust climate policies, while several Eastern and Southern European countries face fiscal constraints and political instability, which often do not lead to prioritization of green initiatives within political agendas.<sup>12</sup> The lack of

<sup>8</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L\\_202302407](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202302407)

<sup>9</sup> <https://ieecp.org/wp-content/uploads/2024/04/RENOVERTY-Factsheet-3-1.pdf>

<sup>10</sup> [https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_BRI%282022%29733583](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI%282022%29733583)

<sup>11</sup> <https://www.iea.org/regions/europe>

<sup>12</sup> <https://www.weforum.org/press/2024/07/climate-action-disparities-risk-compounding-existing-economic-inequality/>

political engagement on the subject matter often translates to lower incentives and focus on climate action by the public.

- The lack of education on developing an environmental conscience continues to feed into the inequalities from one country to the other as well as from one region to the next, especially in relation to youth individuals. The World Bank emphasizes that educating and empowering youth in underprivileged areas can create long-term solutions to addressing regional disparities in energy access.<sup>13</sup>
- Addressing regional energy inequalities will substantially improve environmental KPI indicators at a European level and help achieve the 2030 climate targets set by the EU.

### **YEPP Calls on:**

- EU Member States to prioritize energy equity at a local and regional level through the targeted subsidization of low-income households as well as underdeveloped regions to transition to renewable energy resources via various routes such as insulation grants (i.e., solar panels, photovoltaics, geothermal heat pumps, etc.) to lower energy bills whilst improving sustainability.
- EU Member States to promote social inclusion in the renewable energy transition by providing financial incentives for low-income households as well as small-scale business/start-ups in underdeveloped regions to promote clean and affordable energy through tax-breaks/cuts for the use of renewable energy resources and low-interest loans.
- EU member states to foster cross-border collaboration with regional allies and partners, facilitating the exchange of best practices, innovative solutions, and technical expertise in sustainable energy and green initiatives.
- The European Parliament to promote and advocate for increased collaboration between Member States through cross-border renewable energy projects, particularly in underdeveloped regions.
- The European Parliament to promote educational campaigns and youth-led initiatives focusing on energy literacy and sustainable practices.
- The European Parliament to promote joint collaboration/partnership programs with financial incentives to foster information exchange and regional cooperation on shared climate goals.
- The European Commission to adopt EU climate funds whereby financial and technical support will be provided to less advanced EU countries.
- The European Commission to strengthen the Just Transition Fund and expand its focus to include marginalized rural and urban areas suffering from energy poverty.

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<sup>13</sup> <https://www.worldbank.org/en/region/eca/publication/toward-a-framework-for-the-sustainable-heating-transition>