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Investigating fuel poverty in the transport sector: Toward a composite indicator of vulnerability

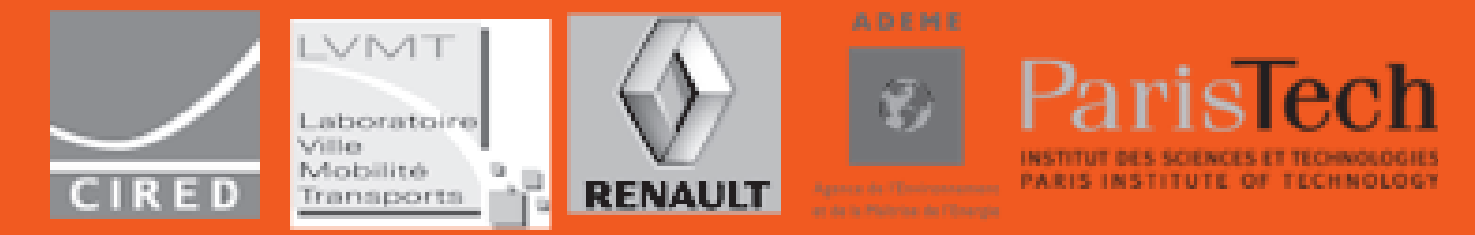
Audrey Berry^{*1}, Yves Jouffe², Nicolas Coulombel³, Céline Guivarch¹

¹ Centre International de la Recherche sur l'Environnement et le Développement, 45 Avenue de la Belle Gabrielle 94130 Nogent-sur-Marne, France

² Lab' Urba, Université Paris-Est Marne-la-Vallée, 5 Boulevard Descartes 77420 Champs-sur-Marne, France

³ Laboratoire Ville Mobilité Transport, Université Paris-Est Marne-la-Vallée, 5 Boulevard Descartes 77420 Champs-sur-Marne, France

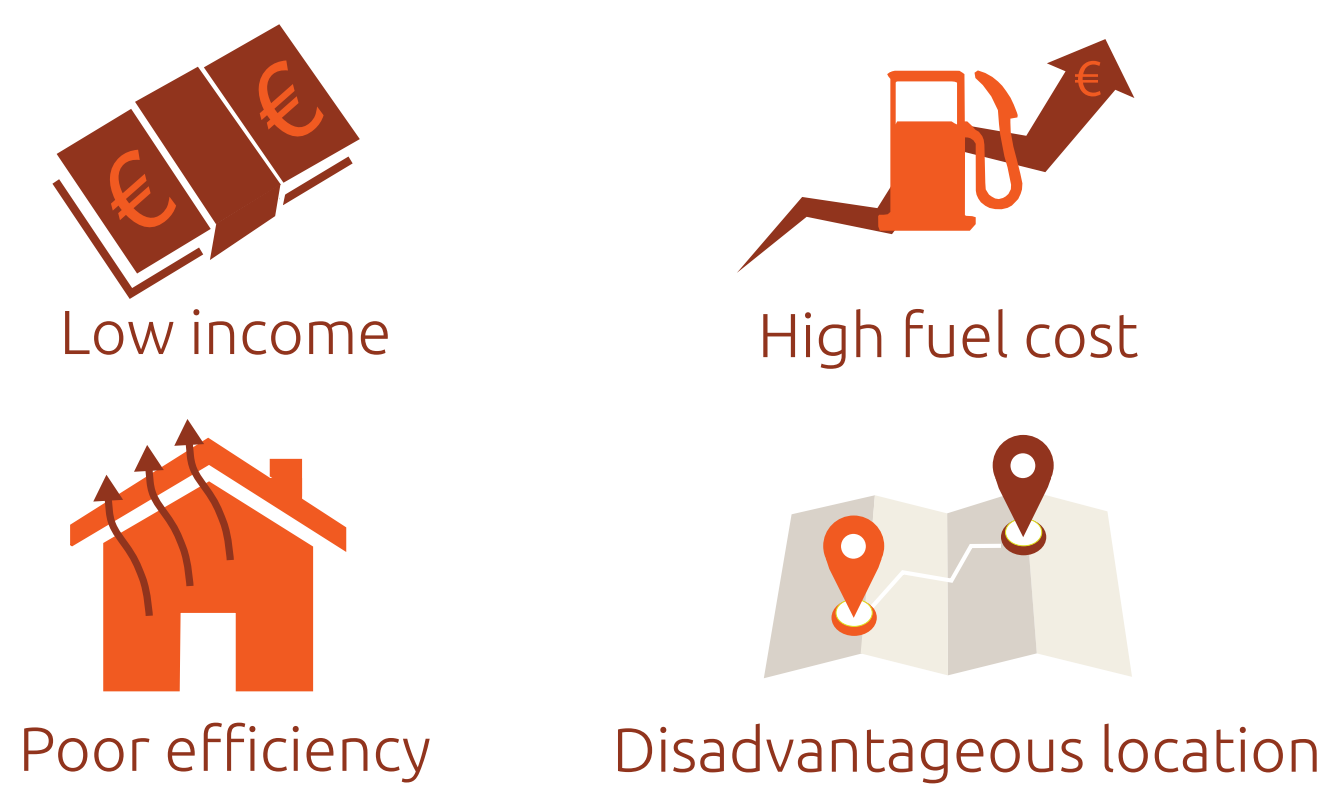
* First author: berry@centre-cired.fr



1 Fuel poverty is also about transport: households that depend heavily on car use for their daily trips are likely to face difficulties if fuel prices keep on rising.

Fuel poverty is when a household is **unable to afford** an **adequate amount** of energy services to **satisfy its basic needs**.

It is at the intersection of four **key drivers**:



What **matters** for evaluating fuel poverty in the transport sector is to:

- recognise **diverse mobility needs**
- detect **restricting behaviours**
- evaluate households' **capacity to adapt**

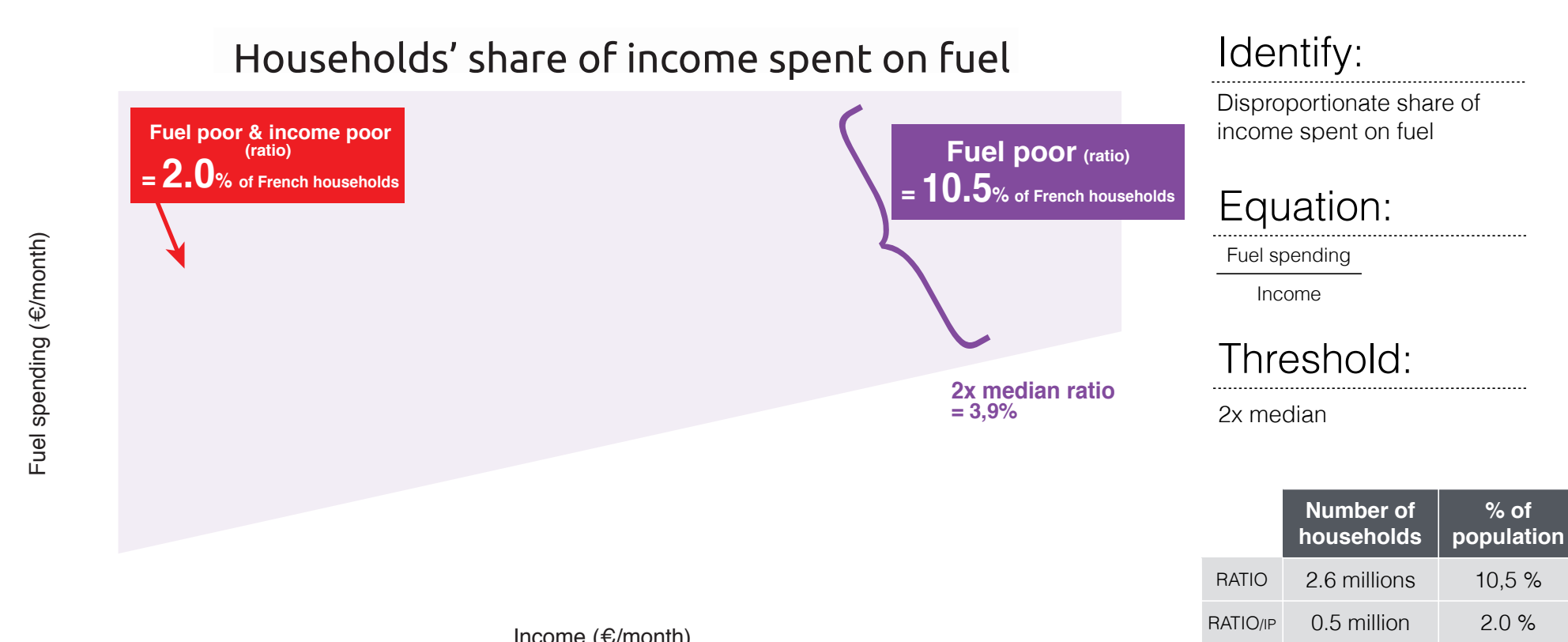
This **variety of situations** rouses debates about which indicator(s) should be used to evaluate fuel poverty. Yet the **choice of indicator** leads to **different policy choices**.

Our work is illustrated with a French case study.

- Data from the National Transport Survey (Enquête Nationale Transports et Déplacements)
- Conducted by INSEE every 10-15 years, last available from 2008
- Interviewed a sample of 20 200 French households
- Offers a detailed description of travel behaviors (compared to BDF) at the national level (compared to EMD)
- Focus on places to work and study.

2 We can transpose domestic fuel poverty indicators to the transport sector, but transposed indicators are not satisfactory.

A **ratio indicator** is the **official way of counting fuel poor** in France for the domestic sector today. It is advantageous for its simplicity. Applied to the transport sector, we find **10.5% of French households are fuel poor**, meaning they spend more than 3.9% of their income on buying fuel. Restricting the analysis to the most deprived households, we find **2.0% are both fuel poor and income poor**.



The **LIHC*** indicator is the official way of counting fuel poor in the UK for the domestic sector. It has the advantage to include households whose **standard of living is lowered because of their fuel spending**. Applied to the transport sector, we find **3.3% of French households are fuel poor**, meaning each person spends more than 32€/month on buying fuel and live below the poverty line.

*Low Income High Cost



Limits:

These indicators bring a normative approach to mobility: **But how to allow for diverse mobility needs and practices when considering what it is 'reasonable' for a given household to spend on fuel?**

Restriction and capacity to adapt are not evaluated: **Don't we miss essential features?**

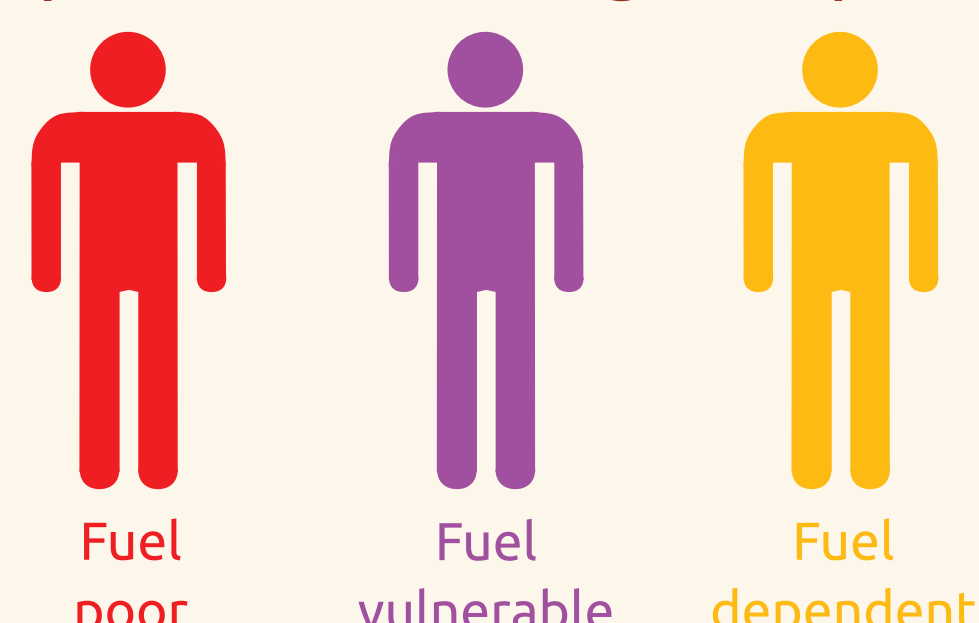
3 An approach that targets factors of vulnerabilities is called for, with a new indicator measuring the different dimensions of the phenomenon.

We propose a composite indicator of three dimensions...

Dimensions	Factors
Financial resources	Income poor Low income
Fuel consumption	High spending Restriction
Conditions of mobility	Poor spatial matching No alternative Low vehicle performance or No vehicle



...identifying three levels of exposition to rising fuel prices.

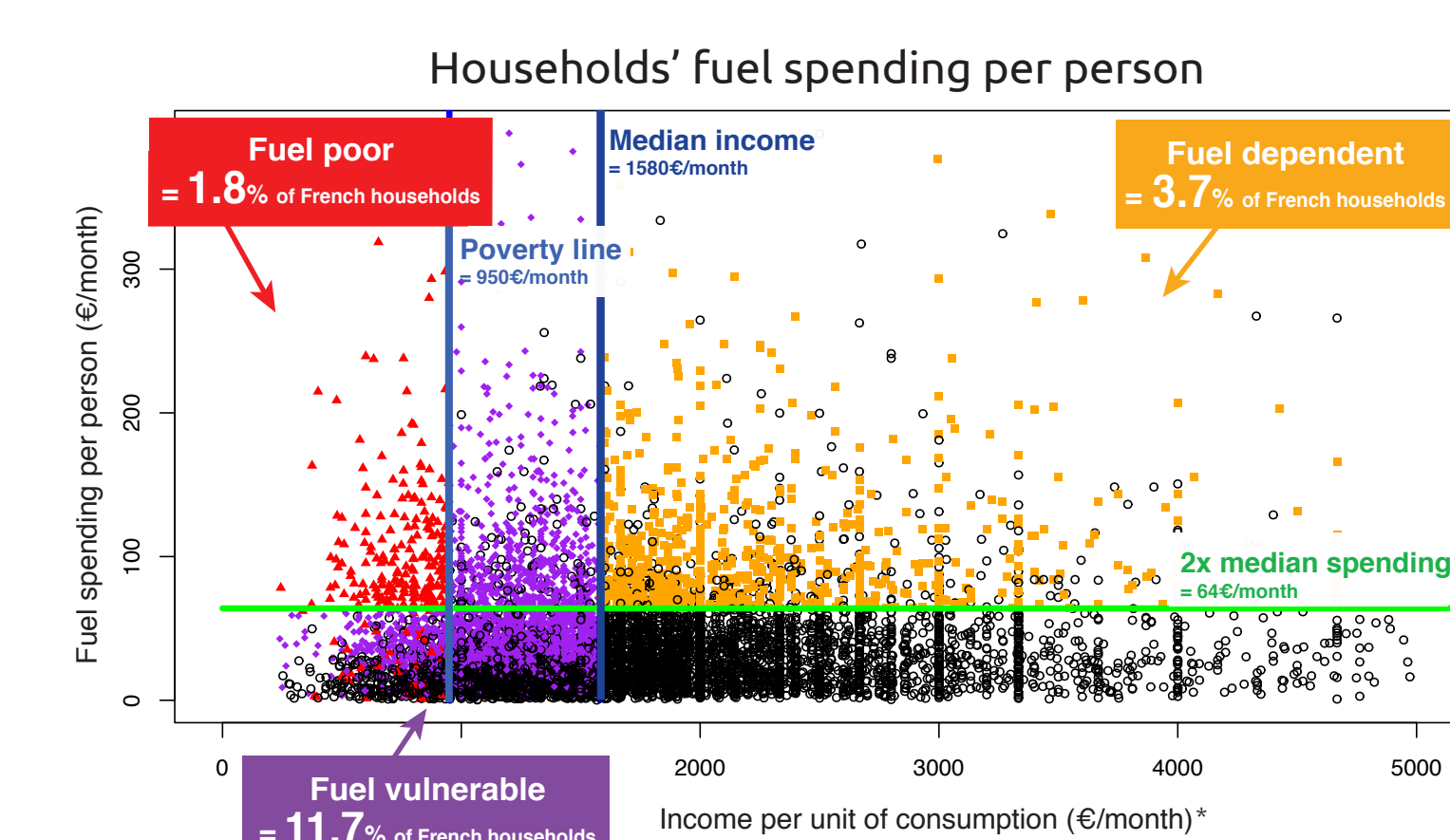


How?

Combinations of factors (gather at least)							Level of exposition
Financial resources		Fuel consumption		Conditions of mobility			
Income poor	Low income	High spending	Restriction	Poor spatial matching	No alternative	Low vehicle performance or No vehicle	
x		x					Fuel poor
x			x				Fuel poor
	x			x	x		Fuel vulnerable
	x				x	x	Fuel vulnerable
		x		x	x		Fuel dependent

By **cumulating the factors** in which a household is **affected**, our composite indicator identifies the population most exposed to a rise in fuel prices. It follows the dual cut-off method developed by Alkire and Foster. It employs two types of threshold: **one threshold is defined per factor** to determine whether that factor applies to the household, and **the other threshold is defined across factors**.

Our **composite indicator** identifies **1.8% of French households are fuel poor**: they are income poor with a high fuel spending (>64€/month/person) or restriction. We find a further **11.7% are fuel vulnerable**: they show limited capacity to adapt from a change in their current situation. (new-born baby, change workplace, higher housing costs, etc.). We find a further **3.7% are fuel dependent**: with high committed spending such as loan reimbursement or payment of children studies, they could be negatively affected in their daily budget.



* To compare the standards of living of households of different sizes, we adjust income by the consumption unit (CU) using the OECD equivalence scale: 1 CU for the first adult in the household, 0.5 CU for other adults, 0.3 CU for children.

A composite indicator of vulnerability highlights the conditions of mobility and reveals households' exposition to rising fuel prices.