ODYSSEE-MURE

Development of ETS2 Policies and Social Climate Plans

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ETS 2 and Social Climate Plans – A key pillar of the of the Fit-for-55 Package to reach EU climate targets in a fair and inclusive way

Emission trading system for buildings, road transport and additional sectors (ETS2)

- New emissions trading system (ETS2) covering CO2 emissions from fuel combustion in buildings, road transport and additional sectors (mainly small industry).
- The ETS2 is intended to become fully operational in 2028 (instead of 2027, as originally planned)
- Legislative background: ETS Directive (EU)2023/959
- Auctioning of the emission allowances → Member States will be required to use ETS2 revenues for climate action and social measures (incl. a reporting how the money is spent).
- A share of the revenues will be used to support vulnerable households and micro-enterprises through a dedicated **Social Climate Fund (SCF).**

Source: https://climate.ec.europa.eu/areas-action/carbon-markets/ets2-buildings-road-transport-and-additional-sectors_en

Social Climate Fund (SCF)

- New EU fund aiming at the support of vulnerable households and small businesses who are most affected by expected rising energy and transport costs due to the new ETS2.
- The SCF will already start operating in 2026, i.e. before the ETS2.
- Volume: €86.7 billion (2026-2032), financed through the ETS2 and contributions from MS.
- To receive funding, each MS should have submitted a **Social Climate Plan (SCP)** to the Commission by30 June 2025, showing the measures planned between 2026 and 2032 to support vulnerable people.

Adopted : 5 (Greece, Latvia, Malta, Lithuania, Sweden)

Submitted: 5 (Croatia, Italy, Luxembourg, NL, Slovenia)

Source: https://employment-social-affairs.ec.europa.eu/policies-and-activities/funding/social-climate-fund_en

Measure examples from adopted plan: Buildings

Country	Main approach	Selected planned scale
Greece	Home renovation and clean heating	€1,748m residential package
Latvia	Renovation and municipal social housing	Grants up to €15k / apartment, €20k / house
Lithuania	Renovation grants and efficient social housing	50–85% of renovation costs
Malta	Social housing renovation and equipment	236 apartments renovated
Sweden	Plan centres on targeted EV support	No building measure identified in reviewed evidence

Source: EC country summaries, 5/10/2026

Measure examples from adopted plan: Transport

Country	Main approach	Selected evidence
Croatia	Rail, buses, cycling and DRT	Infrastructure and social-service mobility
Italy	Public / shared transport and mobility accounts	150 km active-access links
Luxembourg	Social EV leasing and prefinancing	Broader national package
Slovenia	Rural DRT and volunteer transport	€167m / 230 DRT EVs
Netherlands	No transport measure in submitted package	Onderwegpas removed before submission

Source: EC country summaries, 5/10/2026

Some key messages from a workshop on carbon pricing and SCF organised by the European Commission in February 2026

- **Carbon pricing affects households differently** across EU countries and income groups, shaped by factors like heating methods, mobility patterns and local climate
- A concrete carbon pricing mechanism such as the ETS2, will only work if short term protection for vulnerable households is combined with long-term investment pathways that **reduce fossil fuel dependence** over time.
- The **SCF resources alone will not be sufficient** to fully offset impacts, particularly in MS with relatively high ETS2 exposure and limited SCF allocations. National funding and other EU instruments will therefore be necessary to complement SCF support.
- **Acceptability** of the funded measures is crucial and missing if polices are seen as unfair, unclear, or not credible → a publicly available monitoring of the resources can help.
- Communication is also very important and should focus on **visible benefits from funded measures**, rather than the carbon price itself.

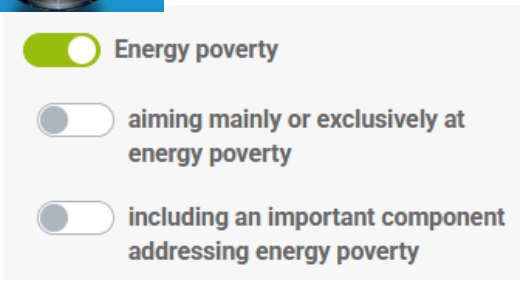
Source: https://employment-social-affairs.ec.europa.eu/news/research-just-transition-policy-workshop-discusses-distributional-impacts-climate-and-energy-2026-04-20_en

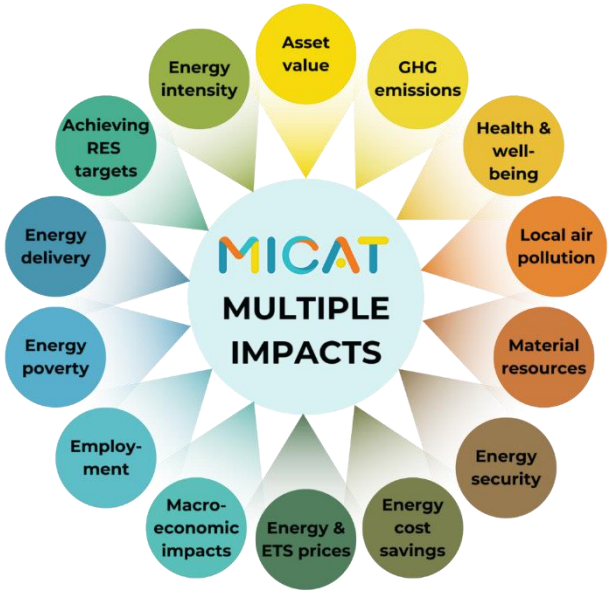
How can ODYSSEE-MURE contribute to these issues

- **Monitoring:** The two databases itself deliver a wealth of indicators and policy information(incl. quantitative impacts). Especially the indicators and policies addressing **energy poverty** have been considerably strengthened during the last years.
- **Communication**: The **Multiple Benefits Tool** in ODYSSEE-MURE is a strong and easily handable tool to make the multiple benefits of the measures from the Social Climate Plan visible in a quantified and partly also monetized way.



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Thank you!

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