




Basic information	
<p>2021/0206(COD)</p> <p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p>	Procedure completed
<p>Social Climate Fund</p> <p>Subject</p> <p>3.20 Transport policy in general 3.60.08 Energy efficiency 3.70.03 Climate policy, climate change, ozone layer 4.10.05 Social inclusion, poverty, minimum income 4.70.01 Structural funds, investment funds in general, programmes</p> <p>Legislative priorities</p> <p>Joint Declaration 2021 Joint Declaration 2022 Joint Declaration 2023-24</p>	

Key players				
European Parliament	Joint committee responsible		Rapporteur	Appointed
	EMPL Employment and Social Affairs			
	ENVI Environment, Climate and Food Safety		DE LANGE Esther (EPP)	29/11/2021
			Shadow rapporteur VITANOV Petar (S&D) SLABAKOV Andrey (ECR) MÉLIN Joëlle (ID) BILDE Dominique (ID) KOKKALIS Petros (The Left)	
	Committee for opinion		Rapporteur for opinion	Appointed
	BUDG Budgets (Associated committee)		MARQUES Margarida (S&D)	25/10/2021
	ECON Economic and Monetary Affairs		HAHN Henrike (Greens/EFA)	16/09/2021
	ITRE Industry, Research and Energy			
	IMCO Internal Market and Consumer Protection		The committee decided not to give an opinion.	

	TRAN Transport and Tourism		
	REGI Regional Development		
	FEMM Women's Rights and Gender Equality	The committee decided not to give an opinion.	
	Committee for opinion on the legal basis	Rapporteur for opinion	Appointed
	JURI Legal Affairs		
Council of the European Union			
European Commission	Commission DG	Commissioner	
	Climate Action	TIMMERMANS Frans	
European Economic and Social Committee			
European Committee of the Regions			

Key events			
Date	Event	Reference	Summary
14/07/2021	Legislative proposal published	COM(2021)0568 	Summary
13/09/2021	Committee referral announced in Parliament, 1st reading		
11/11/2021	Referral to associated committees announced in Parliament		
11/11/2021	Referral to joint committee announced in Parliament		
18/05/2022	Vote in committee, 1st reading		
23/05/2022	Committee report tabled for plenary, 1st reading	A9-0157/2022	Summary
07/06/2022	Debate in Parliament	CRE link	
08/06/2022	Results of vote in Parliament		
22/06/2022	Decision by Parliament, 1st reading	T9-0247/2022	Summary
22/06/2022	Results of vote in Parliament		
22/06/2022	Matter referred back to the committee responsible for interinstitutional negotiations		
09/02/2023	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE742.302 GEDA/A/(2023)001086	
17/04/2023	Debate in Parliament	CRE link	
18/04/2023	Decision by Parliament, 1st reading	T9-0101/2023	Summary
18/04/2023	Results of vote in Parliament		

25/04/2023	Act adopted by Council after Parliament's 1st reading		
10/05/2023	Final act signed		
16/05/2023	Final act published in Official Journal		

Technical information	
Procedure reference	2021/0206(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Rules of Procedure EP 59 Rules of Procedure EP 57_o Rules of Procedure EP 41 Treaty on the Functioning of the EU TFEU 194-p2 Treaty on the Functioning of the EU TFEU 192-p1
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure completed
Committee dossier	CJ39/9/07637


Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE703.206	01/02/2022	
Amendments tabled in committee		PE704.880	09/02/2022	
Amendments tabled in committee		PE704.921	09/02/2022	
Amendments tabled in committee		PE719.719	17/02/2022	
Amendments tabled in committee		PE719.653	23/02/2022	
Amendments tabled in committee		PE719.755	23/02/2022	
Amendments tabled in committee		PE719.756	23/02/2022	
Amendments tabled in committee		PE719.753	23/02/2022	
Amendments tabled in committee		PE719.754	23/02/2022	
Amendments tabled in committee		PE719.716	25/02/2022	
Amendments tabled in committee		PE719.776	25/02/2022	
Amendments tabled in committee		PE719.781	01/03/2022	
Amendments tabled in committee		PE719.829	02/03/2022	
Committee opinion	BUDG	PE700.588	20/04/2022	
Committee opinion	ITRE	PE704.621	21/04/2022	
Committee opinion	REGI	PE700.385	27/04/2022	
Committee opinion	ECON	PE704.768	29/04/2022	
Committee opinion	TRAN	PE704.623	02/05/2022	
Committee report tabled for plenary, 1st reading/single reading		A9-0157/2022	23/05/2022	Summary

Amendments tabled in committee		PE732.565	09/06/2022	
Text adopted by Parliament, partial vote at 1st reading /single reading		T9-0247/2022	22/06/2022	Summary
Text agreed during interinstitutional negotiations		PE742.302	08/02/2023	
Specific opinion	JURI	PE745.227	06/03/2023	
Text adopted by Parliament, 1st reading/single reading		T9-0101/2023	18/04/2023	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2023)001086	08/02/2023	
Draft final act	00011/2023/LEX	10/05/2023	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2021)0568 	14/07/2021	Summary
Commission response to text adopted in plenary	SP(2023)260	05/07/2023	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	ES_PARLIAMENT	COM(2021)0568	04/11/2021	
Contribution	CZ_SENATE	COM(2021)0568	15/11/2021	
Contribution	PL_SENATE	COM(2021)0568	30/11/2021	
Reasoned opinion	SE_PARLIAMENT	PE700.493	02/12/2021	
Contribution	NL_SENATE	COM(2021)0568	20/12/2021	
Contribution	IT_CHAMBER	COM(2021)0568	30/06/2022	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ESC	Economic and Social Committee: opinion, report	CES4774/2021	08/12/2021	
CofR	Committee of the Regions: opinion	CDR4801/2021	28/04/2022	
CofA	Court of Auditors: opinion, report	N9-0005/2023 OJ C 017 18.01.2023, p. 0009	15/12/2022	

Additional information

Source	Document	Date
EP Research Service	Briefing	09/11/2021

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Name	Role	Committee	Date	Interest representatives
DE LANGE Esther	Rapporteur	ENVI	27/10/2022	WWF transport & environment
CASA David	Rapporteur	EMPL	19/10/2022	Transport and Environment (European Federation for Transport and Environment) WWF European Policy Programme
DE LANGE Esther	Rapporteur	ENVI	14/07/2022	Wijbemiddelenautos
VEDRENNE Marie-Pierre	Shadow rapporteur	EMPL	07/06/2022	Réseau Action Climat France
CHAIBI Leila	Rapporteur for opinion	TRAN	06/06/2022	Réseau Action Climat France
MATTHIEU Sara	Shadow rapporteur	ENVI	23/03/2022	Transport and Environment (European Federation for Transport and Environment) WWF European Policy Programme
DE LANGE Esther	Rapporteur	ENVI	21/03/2022	Dutch Perm Rep.
DE LANGE Esther	Rapporteur	ENVI	14/03/2022	ATD Quart Monde
DE LANGE Esther	Rapporteur	ENVI	01/03/2022	Natuur & Milieu
GUSMÃO José	Shadow rapporteur for opinion	ECON	25/02/2022	European Federation for Transport and Environment
GUSMÃO José	Shadow rapporteur for opinion	ECON	23/02/2022	BEUC
VEDRENNE Marie-Pierre	Shadow rapporteur	EMPL	17/02/2022	Union des entreprises de proximité
BERENDSEN Tom	Rapporteur for opinion	REGI	16/02/2022	T&E
METZ Tilly	Shadow rapporteur for opinion	TRAN	14/02/2022	Transport & Environment
KOKKALIS Petros	Shadow rapporteur	ENVI	14/02/2022	REScoop
GUSMÃO José	Shadow rapporteur for opinion	ECON	11/02/2022	Climate Action Network (CAN)
GUSMÃO José	Shadow rapporteur for opinion	ECON	11/02/2022	Campaign spokeswoman from IWTO (International Wool Textile Organisation)
GUSMÃO José	Shadow rapporteur for opinion	ECON	11/02/2022	ZERO - Associação Sistema Terrestre Sustentável
GUSMÃO José	Shadow rapporteur for opinion	ECON	08/02/2022	The European Consumer Organisation (BEUC)
METZ Tilly	Shadow rapporteur for opinion	TRAN	27/01/2022	Researcher from OpenEXP, researcher from E3G, Transport & Environment, VCÖ
KOKKALIS Petros	Shadow rapporteur	ENVI	15/12/2021	Eurelectric

Other Members

Name	Date	Interest representatives
CHAHIM Mohammed	01/06/2022	industriAll European Trade Union

Final act

Social Climate Fund

2021/0206(COD) - 18/04/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 521 votes to 75, with 43 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council establishing a Social Climate Fund.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal as follows:

Subject matter, scope and objectives

This Regulation establishes the **Social Climate Fund for the period from 2026 to 2032** with a view to contributing to a socially fair transition towards climate neutrality by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport within the scope of Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union (EU ETS).

The measures and investments supported by the Fund should benefit **households, microenterprises and transport users, in particular households in energy poverty or households in transport poverty**.

Social climate plans

Each Member State should submit a social climate plan to the Commission after consulting local and regional authorities, economic and social partners and civil society. These plans should cover the measures and investments it intends to undertake to reduce the effects of the new emissions trading scheme on vulnerable households.

The measures and investments supported by the Fund should reduce fossil fuel dependency and, where relevant, contribute to the implementation of the European Pillar of Social Rights as well as to sustainable and quality jobs in the fields covered by the measures and investments of the Fund.

Eligible measures and investments

The Member State may include in the estimated total costs of the plan the following measures and investments with **lasting impacts** and intend to:

- support **building renovations**, in particular for vulnerable households and vulnerable micro-enterprises occupying the worst performing buildings, and including for tenants and people living in social housing;
- support access to **affordable energy-efficient housing**, including social housing;
- contribute to the decarbonisation, such as through electrification, of heating and cooling of, and cooking in, buildings by providing access to affordable and energy-efficient systems, and by integrating renewable energy generation and storage, including through renewable energy communities, citizen energy communities and other active customers to promote the uptake of the self-consumption of renewable energy;
- provide **targeted, accessible and affordable information**, education, awareness and advice on cost-effective measures and investments, available support for building renovations and energy efficiency, as well as sustainable and affordable mobility and transport alternatives;
- provide **access to zero- and low-emission vehicles and bicycles**, while maintaining technological neutrality, including financial support or fiscal incentives for their purchase as well as for appropriate public and private infrastructure, in particular, where relevant, purchase of zero- and low-emission vehicles, infrastructure for recharging and refuelling and development of a second-hand zero-emission vehicles market;
- incentivise the use of **affordable and accessible public transport** and support private and public entities, including cooperatives, in developing and providing sustainable mobility on demand, shared mobility services and active mobility options.

Member States may include in the estimated total costs of the plans the costs of measures providing **direct income** support to vulnerable households and vulnerable transport users to reduce the impact of the increase in road transport and heating fuel prices. Such support should be temporary and decrease over time. The costs of measures providing temporary direct income support should not represent more than **37.5 %** of the estimated total costs of the plan. Member States should contribute **at least 25 %** of the estimated total costs of their plans. The costs of such technical assistance should be up to 2.5 % of the estimated total costs of the plan.

Financing

A maximum amount of **EUR 65 000 000 000** in current prices for the period from 1 January 2026 to 31 December 2032 should be made available for the implementation of the Fund. The Fund should be financed through the auctioning of ETS II allowances. This amount should constitute external assigned revenue. When the Emissions Trading Scheme is postponed to 2028, the maximum amount available for the implementation of the Fund should be EUR 54 600 000 000.

Resources from shared management programmes

In order to ensure that additional resources are available for the Fund, Member States should request a **transfer of resources** to the Fund from the cohesion policy programmes under shared management, established by Regulation (EU) 2021/1060. In order to give Member States sufficient flexibility in implementing their allocations under the Fund, it should be possible to transfer resources from their annual financial allocation to the funds under shared management up to a **ceiling of 15%**.

Information

The recipients of support from the Fund should be informed of the origin of those funds, including where they benefit from those funds through intermediaries. That information should include the emblem of the Union and an appropriate funding statement that reads 'funded by the European Union – Social Climate Fund' on documents and communication material relating to the implementation of the measure intended for the recipients.

Transparency

The Commission should transmit the plans submitted by Member States and the decisions, as made public by the Commission, simultaneously and on equal terms to the European Parliament and the Council without undue delay.

Social Climate Fund

2021/0206(COD) - 14/07/2021 - Legislative proposal

PURPOSE: to establish a Social Climate Fund in order to fairly spread the costs of tackling and adapting to climate change.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the European Green Deal launched a new growth strategy for the EU that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy. The '[European Climate Law](#)' has made the EU's climate neutrality target by 2050 legally binding.

The Commission has presented a **complementary and interconnected set of proposals as part of the 2030 Climate and Energy 'Fit for 55' package** to achieve the greenhouse gas emission reduction target of **at least 55% compared to 1990**. This 'Fit for 55' legislative package is the most comprehensive building block in the efforts to implement the ambitious new 2030 climate target, and all economic sectors and policies will need to make their contribution.

Increasing the 2030 target for EU greenhouse gas reductions will impact many sectors across the EU economy and coordinated action as well as financial support at the EU level is therefore indispensable.

The increase in the price for fossil fuels will have significant social and distributional impacts that may disproportionately affect vulnerable households, vulnerable micro-enterprises and vulnerable transport users who spend a larger part of their incomes on energy and transport and who, in certain regions, do not have access to alternative, affordable mobility and transport solutions. Such impacts on vulnerable groups differ between Member States, and price impacts are likely to be felt more strongly in Member States, regions and population with lower average income. As corollary to the fuel price increases through carbon pricing, the emissions trading generates revenues, which can be used to alleviate the burden on the vulnerable groups.

CONTENT: with this proposal, the Commission proposes the creation of a **Social Climate Fund for the period 2025 to 2032** to provide Member States with funding to address the social impacts of the extension of the Emissions Trading Scheme (ETS) to road transport and construction on vulnerable households.

Each Member State should submit to the Commission a Social Climate Plan. Those Plans should pursue two objectives:

- 1) they should provide vulnerable households, vulnerable micro-enterprises and vulnerable transport users the necessary resources to finance and carry out investments in energy efficiency, decarbonisation of heating and cooling, in zero- and low-emission vehicles and mobility;
- 2) they should mitigate the impact of the increase in the cost of fossil fuels on the most vulnerable and thereby prevent energy and transport poverty during the transition period until such investments have been implemented. The Plans should have an investment component promoting the long-term solution of reduce fossil fuels reliance and could envisage other measures, including temporary direct income support to mitigate adverse income effects in the shorter term.

The financial envelope of the Fund is EUR 72.2 billion (EUR 23.7 billion for the years 2025-2027 and EUR 48.5 billion for the years 2028-2032). The Fund would be financed from the EU budget which corresponds in principle to **25%** of the expected revenues to be accumulated from the auctioning of allowances within the emissions trading for buildings and road transport. Member States should contribute to at least **50%** of the total estimated costs of the plan. For that purpose, they should inter alia use the revenues from auctioning of their allowances under the emissions trading for the two new sectors.

The Commission will propose a targeted amendment of the Regulation for the multiannual financial framework for the years 2021 to 2027 to accommodate an additional Union spending of an amount of EUR 23.7 billion for the period 2025-2027. The spending should be frontloaded to precede and accompany a smooth introduction of the new ETS.

The amount of EUR 48.5 billion for the period 2028- 2032 is subject to the availability of the funds under the annual ceilings of the applicable multiannual financial framework for which the Commission will make a proposal before 1 July 2025.

Social Climate Fund

2021/0206(COD) - 22/06/2022 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted by 479 votes to 103, with 48 abstentions, **amendments** to the proposal for a Regulation of the European Parliament and of the Council establishing a Social Climate Fund.

The matter was referred back to the competent committee for inter-institutional negotiations.

The proposal aims to establish a **Social Climate Fund** for the period 2025 to 2032 to provide Member States with funding to address the social consequences of the extension of the Emissions Trading Scheme (ETS) to road transport and construction on vulnerable households.

The main amendments adopted in plenary are as follows:

Purpose, scope and objectives

Parliament specifies that the measures and investments supported by the Fund will benefit vulnerable households, micro-enterprises and transport users who are particularly affected by the impact of the transition to climate neutrality, including carbon pricing, in particular households in energy poverty and citizens in mobility poverty, paying particular attention to those living in rural, island, peripheral, mountainous, remote and less accessible areas or in less developed regions or territories, including less developed peri-urban areas, the outermost regions and carbon-intensive regions with high unemployment.

Members introduced a definition of '**mobility poverty**', referring to households with high transport costs or limited access to affordable public or alternative modes of transport needed to meet basic socio-economic needs.

Social climate plans

Each Member State would be required to present a **social climate plan**, after consulting local and regional authorities, economic and social partners and civil society. These plans should contain a coherent set of measures to tackle energy and mobility poverty, in particular the effects of the transition to climate neutrality.

Measures and investments to be included in the estimated total costs of social climate plans

Member States should include the costs of measures providing temporary **direct income support**, including reduced taxes and charges on electricity, as a transitional measure for vulnerable households and transport users affected by energy and mobility poverty, to absorb the increase in road transport and heating fuel prices.

According to Members, this support would be **limited to a maximum of 40% of the total estimated cost of each national plan** for the period 2024-2027 and would be phased out by the end of 2032.

Member States should include the costs of the following measures and investments with lasting effects in the estimated total costs of the plans, provided that they aim to:

- support quality, cost- and energy efficient building renovations and for those occupying worst-performing buildings, with a special attention to tenants and social housing;
- ensure access to affordable and energy-efficient housing, in particular by providing sufficient energy-efficient and affordable housing stock, including social housing;
- contribute to cost-effective decarbonisation (covering the costs of connection to smart grids and any other measures that contribute to energy savings but also to connection to district heating networks, such as vouchers, subsidies or interest-free loans for investments in products and services aimed at increasing the energy performance of buildings or integrating renewable energy sources in buildings);
- provide targeted, accessible and affordable information, education, awareness and advice on cost-effective measures and investments and available support for building renovations and energy efficiency;
- provide financial support or fiscal incentives to improve access to zero-emission vehicles and bicycles, including promoting access to the market for second-hand zero-emission vehicles, and in particular financial support or fiscal incentives for their acquisition as well as for appropriate public and private infrastructure, including for charging and refuelling encouraging the use of affordable and accessible low and zero emission public transport.

Budget

The financial envelope for the implementation of the Fund for the period until 2027 should be at least **EUR 11 140 000 000** in current prices. The Fund should be complemented by revenue resulting from the auctioning of 150 million allowances in accordance with the ETS Directive [EUR 5 250 000 000 indicative amount] for this period which would represent a total amount estimated by the Parliament at **EUR 16.39 billion**.

The financial envelope for the implementation of the Fund for the period 2028-2032 would be established after a revision of the Regulation, subject to the amounts available within the annual ceilings of the applicable multiannual financial framework and to the assessment and, if appropriate and if the conditions are met, the targeted revision of the ETS Directive.

Pre-financing

In order to ensure that the aid provided for in the plans can be effectively implemented from the first years after the entry into force of the Social Climate Fund, the Commission should be able to pre-finance **up to 13%** of the Member States' financial contribution on the basis of an application submitted by a Member State together with the Social Climate Plan.

Parliament also made a number of improvements to the Commission's proposal, including:

- a specific focus in the plans on the socio-economic challenges faced by islands and outermost regions;
- the fact that Member States should promote the role of **renewable energy communities** and citizen energy communities and consider them as eligible beneficiaries of the Fund;
- the need to ensure the **consistency** of the Fund both with national energy and climate plans and with cohesion policy programmes with similar priorities;
- a reminder that the Fund should only support activities and beneficiaries that respect applicable **EU and national law on social and labour rights**, and that Member States must respect fundamental rights, including the rule of law, in order to benefit from EU funds.

Social Climate Fund

2021/0206(COD) - 16/05/2023 - Final act

PURPOSE: to establish the Social Climate Fund for the period from 2026 to 2032.

LEGISLATIVE ACT: Regulation (EU) 2023/955 of the European Parliament and of the Council establishing a Social Climate Fund and amending Regulation (EU) 2021/1060.

CONTENT: the regulation establishes the Social Climate Fund for the period 2026 to 2032 to help vulnerable households, micro-enterprises and transport users cope with the price impacts of an emissions trading system for buildings, road transport and fuels for other sectors.

Social climate plans

Each Member State will submit a social climate plan to the Commission after consulting local and regional authorities, economic and social partners and civil society. These plans will cover the measures and investments it intends to undertake to cushion the effects of the new emissions trading scheme on vulnerable households.

The measures and investments supported by the Fund must reduce dependence on fossil fuels and, where appropriate, contribute to the implementation of the European set of social rights and to sustainable, high-quality jobs in the areas covered by the Fund's measures and investments.

Financing

The Fund will start operating in 2026, before the entry into force of the new ETS for transport and construction fuels. It will form part of the EU budget and will be financed by external earmarked revenue up to a maximum of EUR 65 billion.

Eligible measures and investments

The new Social Climate Fund will provide dedicated financial support to Member States to help vulnerable citizens and micro-enterprises invest in energy efficiency measures such as home insulation, heat pumps, solar panels and electric mobility. It will also provide **direct income support covering up to 37.5%** of new national social climate plans.

Member States will contribute at least **25% of the total estimated costs** of their plans. They may receive technical assistance of up to 2.5% for the implementation of the plan's measures.

In order to ensure that additional resources are available for the Fund, Member States will be able to request a transfer of resources to the Fund from cohesion policy programmes under shared management, established by Regulation (EU) 2021/1060. To give Member States sufficient flexibility in the implementation of their allocations under the Fund, it will be possible to transfer resources from their annual financial allocation to the funds under shared management up to a ceiling of 15%.

ENTRY INTO FORCE: 5.6.2023. The regulation will apply from 30 June 2024.

Social Climate Fund

2021/0206(COD) - 23/05/2022 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Employment and Social Affairs adopted the report by David CASA (EPP, MT), Esther DE LANGE (EPP, NL) on the proposal for a Regulation of the European Parliament and of the Council establishing a Social Climate Fund.

The proposal aims to establish a **Social Climate Fund** for the period 2025 to 2032 to provide Member States with funding to address the social consequences of the extension of the Emissions Trading Scheme (ETS) to road transport and construction on vulnerable households.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Purpose, scope and objectives

The general objective of the Fund is to **contribute to a socially fair transition** towards climate neutrality that leaves no one behind, in particular by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport in the Emissions Trading System (ETS).

The specific objective of the Fund is to **support vulnerable households, vulnerable micro-enterprises, and vulnerable transport users**, especially those in energy poverty or mobility poverty through temporary direct income support and through measures and investments intended to:

- increase energy efficiency of buildings, decarbonisation of heating and cooling of buildings, including the integration and storage of energy from renewable sources, and;

- grant improved access to efficient and affordable mobility and transport, with the objective to phase out gradually and not prolong fossil fuel dependency and avoid carbon lock-in.

Members established an EU definition of **energy poverty** and introduced a definition of **mobility poverty**. This definition covers vulnerable households, vulnerable micro-enterprises, vulnerable SMEs and transport users who have few or no adequate and affordable alternatives to fossil fuels in the building and transport sectors.

Social climate plans

Each Member State would be required to present a social climate plan, after consulting local and regional authorities, economic and social partners and civil society. These plans should contain a coherent set of measures to tackle energy and mobility poverty, in particular the effects of the transition to climate neutrality.

Measures and investments to be included in the estimated total costs of social climate plans

Temporary direct income support measures (including a reduction in energy taxes and charges) would be funded to absorb the increase in road transport and heating fuel prices. According to Members, such support would be limited to a maximum of 40% of the total estimated cost of each national plan for the period 2024-2027 and would be **phased out by the end of 2032**.

Member States should include the costs of the following measures and investments with lasting effects in the estimated total costs of the plans, provided that they aim to:

- support quality, cost- and energy efficient **building renovations** and for those occupying worst-performing buildings, with a special attention to tenants and social housing;
- ensure access to affordable and energy-efficient housing, in particular by providing sufficient energy-efficient and affordable housing stock, including social housing;
- contribute to **cost-effective decarbonisation** (covering the costs of connection to smart grids and any other measures that contribute to energy savings but also to connection to district heating networks, such as vouchers, subsidies or interest-free loans for investments in products and services aimed at increasing the energy performance of buildings or integrating renewable energy sources in buildings);
- provide targeted information, support, capacity building and training necessary to implement the energy efficiency renovation solutions and grant access to zero- and low-emission mobility and transport services;
- provide **financial support or fiscal incentives** to improve access to zero- emission vehicles, while maintaining technological neutrality, and to **bicycles**, including incentivising access to, and the further development of, the second-hand zero-emission vehicles market, including financial support or fiscal incentives for their purchase, for appropriate public and private infrastructure, including for recharging and refuelling for support concerning the purchase of zero-emission vehicles.

According to Members, eligible measures and investments should not exceed **25%** of the total estimated costs of the social plan and should be limited.

Budget

The financial envelope for the implementation of the Fund for the period until 2027 should be at least EUR 11 140 000 000 in current prices. The Fund should be supplemented by revenue resulting from the auctioning of 150 million allowances in accordance with the ETS Directive [EUR 5 250 000 000 indicative amount] for this period which would represent a total amount estimated by the Parliament at **EUR 16.39 billion**.

Additional allocations would be made available to ensure that the appropriations available for the Social Climate Fund in the EU budget **increase in line with the carbon price**.

Pre-financing

In order to ensure that the aid provided for in the plans can be effectively implemented from the first years after the entry into force of the Social Climate Fund, the Commission should be able to pre-finance **up to 13%** of the Member States' financial contribution on the basis of an application submitted by a Member State together with the Social Climate Plan.

Parliament also made a number of improvements to the Commission's proposal, including:

- a specific focus in the plans on the **socio-economic challenges faced by islands and outermost regions**;
- the fact that Member States should promote the role of **renewable energy communities and citizen energy communities** and consider them as eligible beneficiaries of the Fund;
- the need to ensure the consistency of the Fund both with national energy and climate plans and with cohesion policy programmes with similar priorities;
- a reminder that the Fund should only support activities and beneficiaries that respect applicable EU and national law on **social and labour rights**, and that Member States must respect **fundamental rights**, including the rule of law, in order to benefit from EU funds.