



Technical Support Instrument
2024 flagship projects

Support to the Social Climate Fund and the revised EU Emissions Trading System



Context

The [“Fit for 55” package](#) is the EU’s largest and most ambitious legislative package in the area of climate and energy to date. It aims to achieve the EU’s 2030 climate targets adopted as part of the [European Green Deal](#) and the [European Climate Law](#). As part of this package, the EU agreed to strengthen the [EU Emissions Trading System](#) (EU ETS), expand emissions trading to new sectors and establish a [Social Climate Fund](#) (SCF).

First, the revision of the EU ETS Directive extends the existing system (ETS1) to maritime transport emissions as well as introduces the monitoring and reporting of emissions from municipal waste incineration from 2024. Second, such revision introduces a new and separate emissions trading system for buildings, road transport and additional sectors (ETS2), which is estimated to include more than 10 000

regulated entities EU wide. Member States should identify regulated entities, issue greenhouse gas emission permits to them in 2024 and start the system of monitoring and reporting of emissions in 2025 to prepare for the issuance of allowances in 2027.

Finally, to address the social impacts that arise from the extension of emissions trading to buildings and road transport, the EU will establish a new Social Climate Fund. The SCF will provide dedicated financial support to Member States to help vulnerable households, micro-enterprises and transport users that are particularly affected by the price impacts of ETS2, especially citizens in energy or transport poverty. In order to access the funding as of 2026, each Member State should submit a Social Climate Plan (SCP) to the European Commission by June 2025.

Objectives

To support Member States in the preparation of their Social Climate Plans in accordance with the Social Climate Fund Regulation and in

strengthening and expanding the EU Emissions Trading System in accordance with the revised EU ETS Directive.



Support measures

EU Member States (i.e. national, regional and local authorities) may choose for technical support under the following [non-exhaustive] list of measures, selecting one or both of the work packages:

Work package 1: Support for the preparation of the Social Climate Plans

This work package provides support for key elements that Member States may include in their Social Climate Plans. All support measures listed below will be part of the work package. The package includes support for:

- Identifying relevant stakeholders and developing a robust stakeholder engagement plan. Carrying out stakeholder engagement and consultation activities throughout the technical support.
- Estimating the likely effects of the increase in prices resulting from the inclusion of buildings and road transport in the new emission trading at the appropriate territorial level.
- Identifying vulnerable households, micro-enterprises and transport users (in line with the definitions provided by Article 2 of the SCF Regulation and informed by the application of energy and transport poverty definitions at national level) and estimating their numbers.
- Identifying targeted measures and investments that could be covered by the SCP in order to mitigate the effects on the identified vulnerable groups, in the areas of buildings, road transport, and/or temporary direct income support.
- Proposing arrangements for the effective monitoring and implementation of the identified measures and investments.

Work package 2: Support for strengthening and expanding the EU Emissions Trading System

This work package provides support for strengthening the ETS1 and setting up the ETS2 to include buildings, road transport and additional sectors. Interested Member States may choose one or more of the following support measures:

- Strengthening ETS1. This can include:
 - Support for implementing the ETS1 extension to the maritime transport sector, for example capacity building of ETS administering authorities on issues specific to the maritime transport sector;
 - Support for the monitoring, reporting and verification of emissions from municipal waste incineration.
- Setting-up ETS2 for buildings, road transport and additional sectors. This can include:
 - Administrative capacity building for monitoring, reporting and verifying emissions under ETS2, as well as identifying, issuing permits to and supervising regulated entities and related outreach activities;
 - Support for developing a roadmap for further implementing and improving the implementation of ETS2 in the medium term, including for example improvements to monitoring methods and IT systems, and identifying synergies and complementarities with national measures covering the same sectors.
- Using ETS1 and ETS2 national auction revenues. This can include:
 - Support for implementing the changes to the rules on the use of auction revenues for ETS1, including developing options for the use of these revenues for the decarbonisation of the maritime transport sector and the protection of marine-based ecosystems;
 - Support for implementing the rules on the use of auction revenues for ETS2.



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