

Brussels, 28 November 2024
(OR. en)

16369/24

CLIMA 429
ENV 1170
ENER 588
TRANS 524
IND 543
COMPET 1175
MI 991
ECOFIN 1453

COVER NOTE

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| From: | General Secretariat of the Council |
| To: | Delegations |
| Subject: | Modernisation Fund - 2023 annual report by the Investment Committee |

Delegations will find attached the 2023 annual report on the Modernisation Fund adopted by the Investment Committee on 11 November 2024¹ and provided by the Commission to the Council in accordance with Article 10d (11) of Directive 2003/87/EC (the EU ETS Directive).

¹ The report is also available through this link: https://modernisationfund.eu/wp-content/uploads/2024/11/MFIC_Annual_Report_2023.pdf

MODERNISATION FUND

Accelerating the transition to climate neutrality

Modernisation Fund Investment Committee

Annual report 2023



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15/11/2024

MODERNISATION FUND – Accelerating the transition to climate neutrality

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1. INTRODUCTION

The Modernisation Fund is a dedicated funding programme created in the 2018 revision of the [EU Emissions Trading System \(EU ETS\) Directive](#) to support eligible EU Member States to meet the 2030 climate and energy targets and play an active role in EU transition to climate neutrality¹. The Modernisation Fund is a key instrument in relation to meeting the EU's 2030 climate target of at least 55% net emission reductions and is funded from the revenues of auctioning allowances under the EU ETS².

The Modernisation Fund operates under the responsibility of the beneficiary Member States in close cooperation with the European Commission (EC) and the European Investment Bank (EIB) and prioritises investments in:

- Generation and use of energy from renewable sources;
- Energy efficiency;
- Energy storage;
- Modernisation of energy networks, including district heating, pipelines and grids;
- Supporting low-income households, including in rural and remote areas, to address energy poverty and to modernise their heating systems.
- Just transition in carbon-dependent regions: redeployment, re-skilling and upskilling of workers, education, job-seeking initiatives and start-ups.

The ETS Directive also established an Investment Committee (IC) for the Modernisation Fund. The IC meets twice a year to assess non-priority investment proposals and to discuss any other business relevant for the operation of the Modernisation Fund. Since 1 January 2024, following the 2023 revision of the ETS Directive, it is composed of:

- 13 representatives, one per beneficiary Member State (bMS)
- 3 representatives from non-beneficiary Member States, elected by all non-beneficiary Member States (Germany, the Netherlands and Sweden)
- 1 representative from the EC (chair)
- 1 representative from the EIB

In accordance with article 10d (11) of the ETS Directive and article 14 of Implementing Regulation 2020/1001 this report provides an overview of the main activities of the

¹ These are: Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia and since 1 January 2024, following the 2023 revision of the ETS Directive, also Greece, Portugal and Slovenia.

² In particular, the Modernisation Fund is financed by revenues from the auctioning of the following emission allowances under EU ETS:

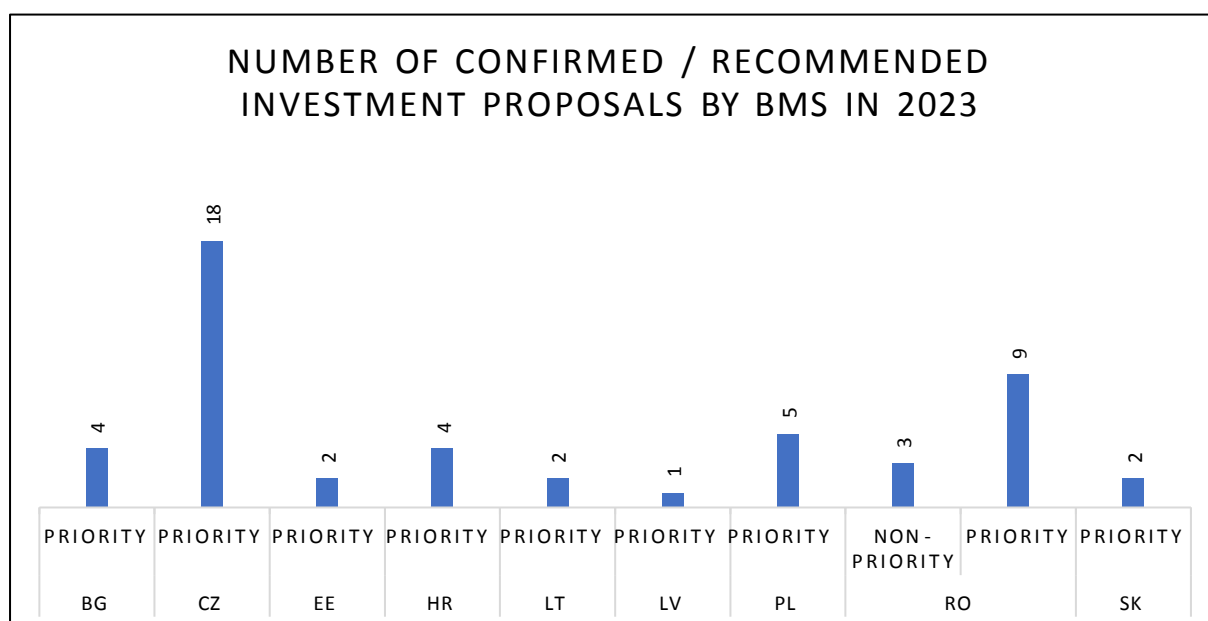
- Revenues from the auctioning of 2% of the total quantity of the EU ETS allowances auctioned between 2021 and 2030 (245,626, 713 allowances).
- Revenues from the auctioning of 2.5 % of the total quantity of EU ETS allowances auctioned between 2024 and 2030 (192,389,931 allowances).
- Revenues from the auctioning of EU ETS allowances that Member States have decided to transfer to the Modernisation Fund. Those transfers come from the allowances distributed for the purposes of solidarity, growth and interconnections or the allowances allocated for free to electricity generators (319,668,114 allowances).

Modernisation Fund and the decisions taken by the IC in 2023, the third year of implementation of the Modernisation Fund.

2. INVESTMENT PROPOSAL SUBMISSIONS

The EIB and the IC have received 86 investment proposals (73 priority investment and 13 non-priority investment proposals) from nine beneficiary Member States in 2023³.

Chart 1: Number of confirmed / recommended investment proposals by bMS in 2023



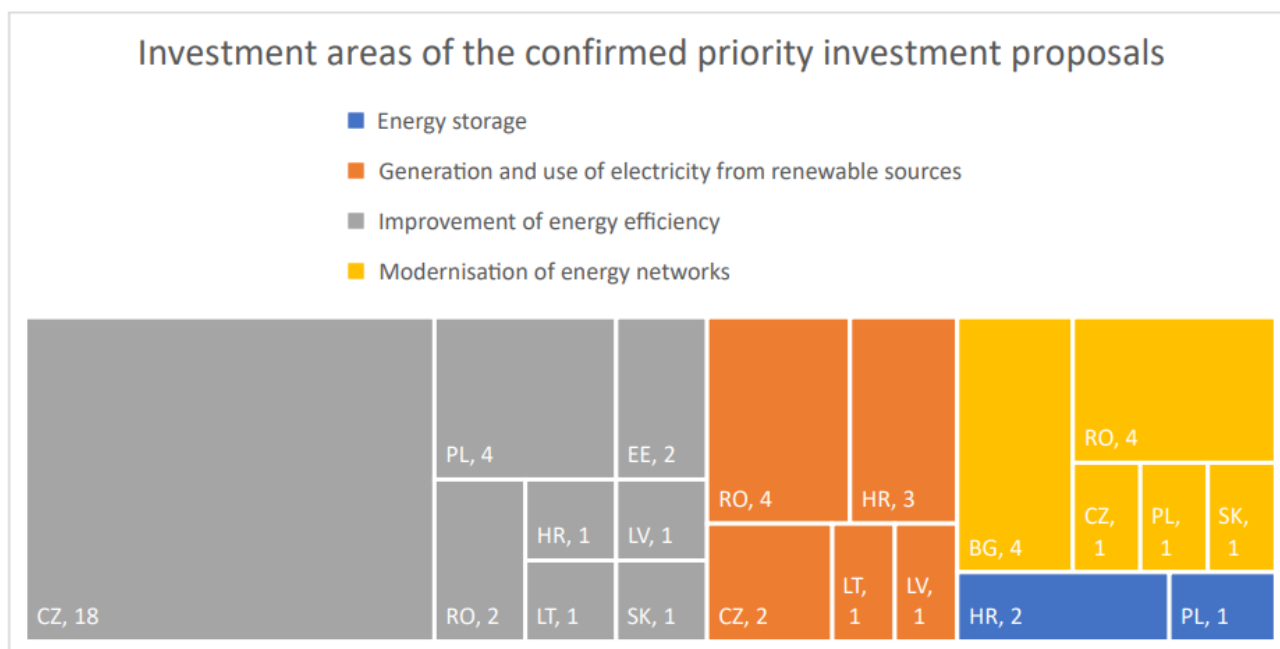
a. Priority Proposals

Out of the 73 priority investment proposals submitted, the EIB confirmed 47 proposals as priority investments.

In general, the main investment areas of the confirmed investment proposals related to energy efficiency, electricity generation from renewable sources, modernisation of energy networks and energy storage.

³ From Bulgaria, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Poland, Romania and Slovakia.

Chart 2: Investment areas of the confirmed priority investment proposals by bMS in 2023⁴



Examples of the investment proposals in 2023 were:

- the modernisation of the electricity distribution grid in Bulgaria to accelerate the electrification of transport, storage deployment, and the decarbonisation and decentralisation of energy consumption and production;
- PV and energy storage for the public water services providers in Croatia;
- the achievement of a higher energy standard for public buildings and conversion of coal to gas in district heating in Czech Republic;
- improved energy efficiency in public buildings in Estonia;
- the introduction of electric vehicles and corresponding charging infrastructure in Latvia;
- the development of renewable energy capacities in the Lithuanian large and medium sized industrial sector;
- power grids for future electric car charging stations and high efficiency co-generation in district heating and industry in Poland;

⁴ As an investment proposal can fall into several investment areas, the total number of investment proposals in this chart is higher than the total amount of confirmed priority investment proposals.

- renewable electricity production capacities, the modernisation of the electricity distribution network, rolling stock modernisation and gas infrastructure to facilitate replacing coal-powered generation in Romania;
- the modernisation of energy networks, including energy storage, and energy efficiency improvements in Slovakia.

b. Non-priority proposals

In 2023, out of the 13 non-priority investment proposals submitted by Romania, the EIB prepared a due diligence report for six proposals. Out of these six proposals, the IC recommended three proposals for partial financing from the Modernisation Fund. The other three proposals were withdrawn by Romania ahead of the IC meeting.

The three IC recommendations can be consulted on the Modernisation Fund website:

- [MF 2023-2 RO 1-001 – IC recommendation for EUR 6 826 947 out of requested funding of EUR 29 027 965 – Gas Transmission Pipeline to supply Mintia Plant covering other industrial and casnic consumers](#)
- [MF 2023-1 RO 1-001 – IC Recommendation for EUR 85 544 422 out of requested funding of EUR 316 274 837 – Gas Transmission Pipeline Black Sea-Podisor](#)
- [MF 2023-1 RO 1-002 – IC Recommendation for EUR 8 038 348 out of requested funding of EUR 38 277 852 – Gas Transmission Pipeline Ghercești-Jitaru](#)

All three proposals relate to the construction of natural gas transmission pipelines that should contribute to the reduction of GHG emissions by supplying gas to future CCGT plants to be constructed in Mintia, Turceni and Isalnita.

The investment beneficiary is the National Gas Transmission Company TRANSGAZ S.A. The proposed investments would facilitate the supply of required gas volumes to the new CCGT plants mentioned in the National Energy and Climate Plan 2021-2030 (NECP), which will contribute to replacing electricity generated in coal-based units.

Specific summary conclusions and IC justifications for its recommendations of the individual investment proposals, following from the technical and financial due diligence carried out by the EIB, can be found in the individual IC recommendations.

The IC found that:

- The proposals met the conditions specified in Article 7(7) of the Implementing Regulation.
- The EIB had carried out a technical and financial due diligence on the basis of the Implementing Regulation and transmitted to the IC, as required by Article 7, (2)-(6) of

the Implementing Regulation. The due diligence was based on documents and information provided by the Beneficiary Member State.

- Taking into consideration the project's objectives and the scope of the investments, the IC endorsed a financing of the three Investment Proposals in respect of the gas transmission capacity that corresponds to the amount of gas that can be reasonably estimated to replace coal-fired electricity generation.

c. Overview information on investment proposals

A summary table with information on all confirmed priority proposals by the EIB or recommended by the Investment Committee (non-priority proposals) in 2023 has been attached in Appendix 1 to this report. In particular, the table provides data on:

- the type of proposal (priority or non-priority) and type of investment (project vs scheme)⁵
- The date of confirmation by the EIB (priority investment) and date of recommendation of the Investment Committee (non-priority investment)
- the amount requested for disbursement
- the scope of the investment
- the priority areas of the investment

In accordance with article 18 (1c) of the [Implementing Regulation](#), the confirmations of the EIB are also being published on the relevant section of the [Modernisation Fund website](#), while the list of all confirmed and recommended investment proposals (including short descriptions) is also being updated on the [investments](#) page of the Modernisation Fund website after each disbursement cycle.

An assessment of the added value of each investment in terms of energy efficiency and modernisation of the energy system should be included in the [annual reports](#), submitted by the beneficiary Member States by 30 April each year and should, among others, include information on energy saved in MWh, on the greenhouse gas emissions saved in tCO₂, information on additional renewable energy capacity as well as on abatement costs⁶.

As such, in the annual reports for 2023, submitted by the beneficiary Member States to the European Commission, beneficiary Member States provided expected aggregate greenhouse gas emissions and energy saved for their disbursed investment proposals as of end 2023, as well as the expected cumulative tCO₂ and MWh saved by the end of the investments' lifetime.

⁵ A scheme' means an investment proposal which complies with the following criteria: (a) it comprises a consistent set of priorities coherent with the objectives of the Modernisation Fund, and because of the characteristics of the projects under the scheme, it can be qualified either as a priority or non-priority investment; (b) it has a duration of more than one year; (c) it has a national or regional scope; and (d) it aims to support more than one public or private person or entity responsible for initiating or implementing projects under the scheme.

⁶ In accordance with annex II of the Implementing Regulation.

In addition, the beneficiary Member States provided data on investment costs, as well as the implementation status for each investment proposal.

Specific details on the implementation status, as well as expected energy savings for each investment proposal can be found on the [2023 annual reports](#).

In Appendix 2, an overview table with aggregated data from the investment proposals supported by the Modernisation Fund as of 2023 as reported by the beneficiary Member States in their [2023 annual reports](#) to the European Commission can also be found. These numbers are as reported by the beneficiary Member States to the European Commission and have not been verified by the European Commission or the Investment Committee. In addition, in case no data were or could be provided by the beneficiary Member State for an individual investment proposal for a specific category, the overview table did not incorporate this specific value in its aggregated data. The main observations can be summarised as follows⁷:

- As of end 2023, ten beneficiary Member States reported on 114 confirmed/recommended investment proposals and 23 proposals for subsequent disbursements since the start of the implementation of the Modernisation Fund⁸. The total investment costs of all these proposals (with VAT) is reported to be over EUR 36 bn with total planned support of the Modernisation Fund amounting to EUR 22bn.
- As of end 2023, the beneficiary Member States report that over EUR 5.3 bn have already been pledged by a legal commitment with the project proponents or final recipients, while over EUR 656 m has been paid to the project proponents or final recipients.
- The 10 beneficiary Member States indicate that the expected cumulative savings in energy and greenhouse gases and expected additional capacity in renewable energy capacity at the end of investment lifetime from these investment proposals are as follows:
 - 323,709,323MWh of energy saved;
 - 209,738,858 tCO₂ of greenhouse gases saved;
 - 13,822 MW of additional renewable capacity installed.
- The ten beneficiary Member States indicated that the savings in energy and greenhouse gases and expected additional capacity in renewable energy capacity already realised from investment proposals supported by the Modernisation Fund as at end 2023 are as follows:
 - 1,514,984 MWh of energy saved;

⁷ Details for each beneficiary Member States and investment proposal can be found on [2023 annual reports](#).

⁸ These are: Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Greece, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia and Slovenia.

- 1,092,842 tCO₂ of greenhouse gases saved;
- 14,272 MW of additional renewable capacity installed.

The Member States have also reported on abatement costs of each confirmed investment in their 2023 [annual report](#).

3. DISBURSEMENTS, MONETISATION VOLUMES AND ASSET MANAGEMENT

a. Disbursements

Following a [disbursement decision](#) taken by the EC on 30 May 2023, the EIB made payments from the Modernisation Fund of EUR 2.49 bn to support investments in seven Beneficiary Member States in June 2023:

- Bulgaria (€197 million)
- Croatia (€88 million)
- Czech Republic (€1 billion)
- Latvia (€5 million)
- Lithuania (€1 million)
- Poland (€47 million)
- Romania (€1.1 billion)

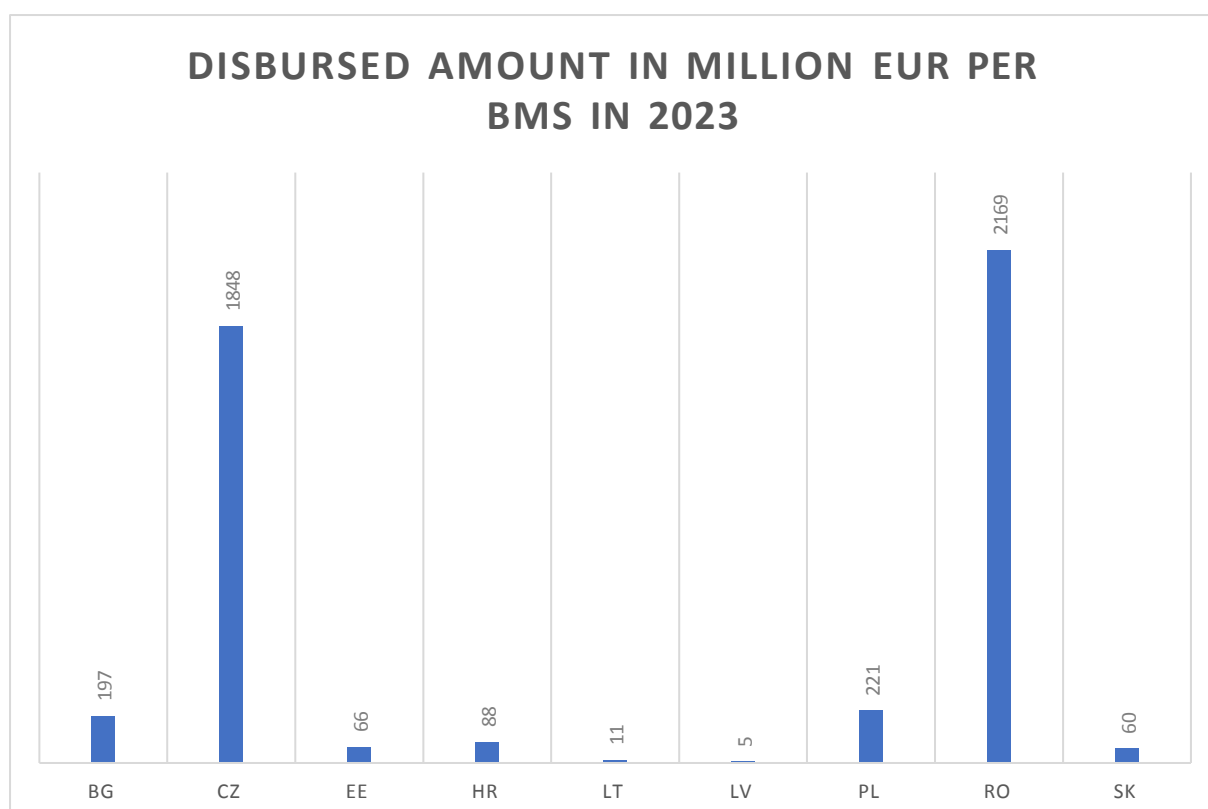
This concluded the fifth investment cycle of the Modernisation Fund and was the largest disbursement up to that point.

In the second disbursement cycle of 2023, following a [disbursement decision](#) taken by the EC on 14 December 2023, the EIB made payments for a further EUR 2.17 bn to six beneficiary Member States in December 2023:

- Czech Republic (EUR 848 m)
- Estonia (EUR 66 m)
- Lithuania (EUR 10m)
- Poland (EUR 174m)
- Romania (EUR 1,025bn)
- Slovakia (EUR 60m)

As a result, a total of EUR 4.66bn has been disbursed from the Modernisation Fund in 2023, up from nearly EUR 4.11 bn m in 2022⁹. As such, by the end of 2023, the Modernisation Fund has disbursed a total of €9.68 billion of EU ETS revenues since its launch in 2021 to help Member States to accelerate the green transition.

Chart 4: Disbursed amounts per bMS in 2023



As next steps, each beneficiary Member State needs to transfer the funds received from the Modernisation Fund to the project proponents or scheme managing authorities. They also need to monitor the implementation of the Modernisation Fund investments and submit annual reports to the EC. The annual reports for the implementation of the Modernisation Fund for 2023 were submitted by 30 April 2024 and can be consulted on the [Modernisation Fund website](#) (see above).

Since the revision of the Implementing Regulation, Member States also need to ensure that an audit of the use of the amounts paid from the Modernisation Fund by the beneficiary Member

⁹ [European Green Deal: €4.11 billion from the Modernisation Fund to accelerate the clean energy transition in 8 Member States - Modernisation Fund](#)

State or the scheme managing authority to the project proponent or the final recipients of the Modernisation Fund support takes place every two years.

b. Monetisation Volumes and asset management

Auctions of EU ETS allowances for the Modernisation Fund began on 2 February 2021 via the common auction platform currently provided by the European Energy Exchange (EEX)¹⁰. The EIB directly receives the proceeds from EEX and allocates them among the beneficiary Member States, based on shares determined by the investor key set by the EC. The auction results for 2023 are presented below:

Table 2: Auctions of EU ETS allowances Modernisation Fund in 2023

| | |
|-----------------------------|---------------|
| Number of Auctions | 143 |
| Total Allowances Sold | 67,131,500 |
| Total Revenues (EUR m) | 5,611,379,920 |
| Average Auction Price (EUR) | 83.65 |
| Price Range (EUR) | 66.49-96.33 |

Asset management of the revenues by the EIB begin immediately upon receipt of the funds. The revenues are being invested under the Asset Management Guidelines (AMGs) agreed between the EIB and the beneficiary Member States (under the advice of DG BUDGET).

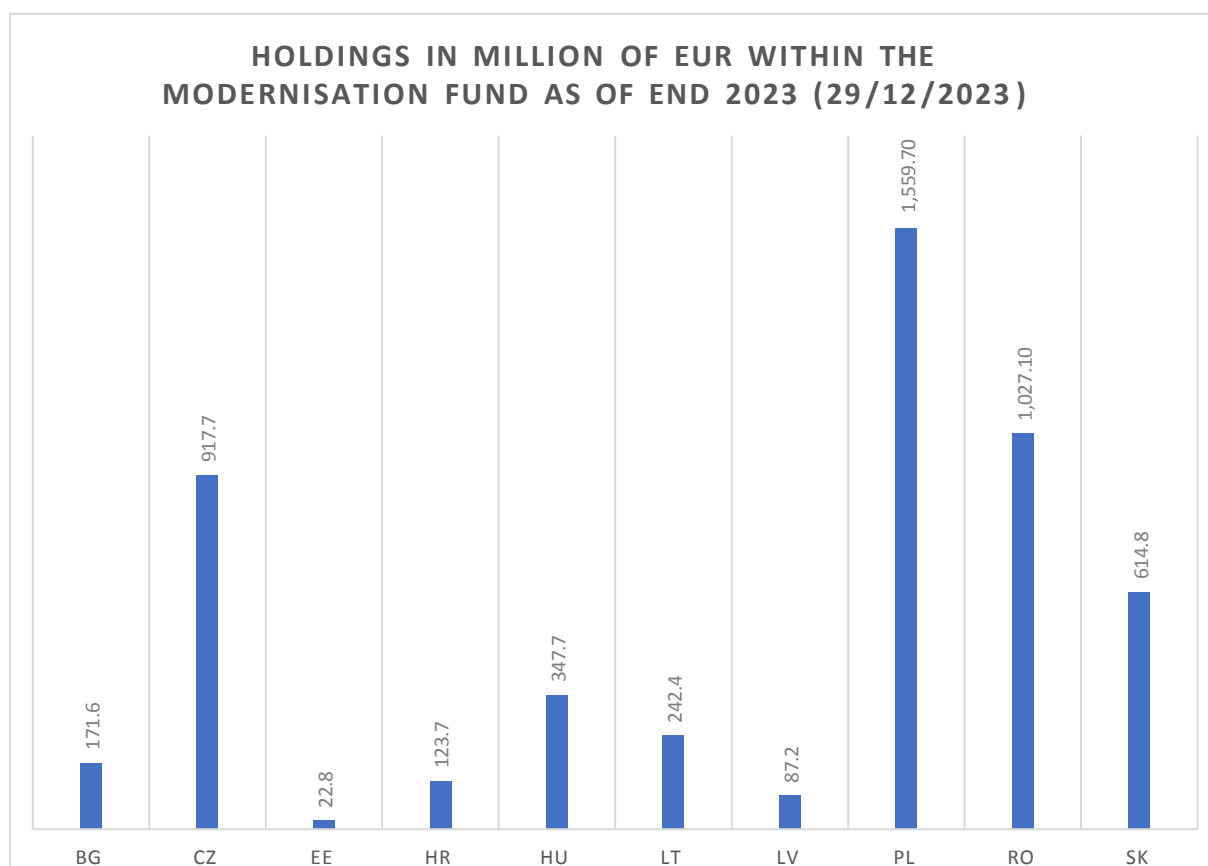
Under the AMGs, Environmental, Social and Governance (ESG) considerations should play an important role in the management of the Fund's Assets. As such, the EIB also monitors the holdings of ESG label bonds relative to the Benchmark composition and incorporates ESG analysis into investment decisions.

The majority of bonds (~88%) in the long-term portion of the portfolio (>1yr) are from issuers of Sovereigns, supnationals and agencies and covered bonds.

¹⁰ The auction results are published and can be consulted on [EEX EUA Primary Auction Spot - Download](#).

As of end 2023 (29/12/2023), the market value of the holdings of the beneficiary Member States within the Modernisation Fund were EUR 5.11bn. Of 757m total allowances to be auctioned, 205m have been auctioned in 2021/2023, with 552m allowances remaining to be auctioned over the next 7 years.

Chart 3: Holdings in EUR within the Modernisation Fund as of end 2023 (29/12/2023)



4. GOVERNANCE, LEGAL FRAMEWORK AND STAKEHOLDER RELATIONS

a. IC meetings and legal framework

The IC held two meetings in 2023 (in March in Luxembourg and in October in Cracow). The most important topic of discussion in 2023 related to the [recommendations](#) of the non-priority proposals for financing from the Modernisation Fund. The IC recommended two non-priority proposals for partial funding by the Modernisation Fund at its meeting on 30 March 2023¹¹, while one more proposal was recommended for partial funding by the Modernisation Fund in its meeting on 24 October 2023¹².

The EIB distributed to the IC its due diligence reports on 20 March 2023 and 14 October 2023. The information provided by the respective beneficiary Member States (in their proposals) and by the EIB (in its due diligence reports) within the timelines set in the Implementing Regulation and IC Rules of Procedure allowed for the IC to have all necessary data to be able to make a recommendation on the respective proposals.

For its recommendation, the IC used the template that it approved in its meeting of 22 June 2021, building upon the legal framework in place for the Modernisation Fund. Having a template for the IC recommendation, allowed the IC to draft its recommendations in a uniform manner. General observations of the IC on the different proposals can be found in chapter 2 of this report, while the specific summary conclusions and IC justifications for its recommendations are included in the [individual IC recommendations](#).

A second main topic of discussion related to the changes in the legislative framework in 2023. The IC discussed in each IC meeting and also held a separate seminar to elaborate on the operational implications of the strengthened EU ETS Directive, amended on 10 May 2023, as well as the amendments in the Implementing Regulation of 23 November 2023.

The main changes in the ETS Directive can be summarised as below:

- 3 new beneficiary Member States: Greece, Portugal, Slovenia.
- Around 110 m additional allowances (757 m in total).
- The creation of different category of funds for which different rules will apply to investment proposals depending on the revenue stream from which they are financed.
- Alignment with Green Deal objectives.
- More activities eligible under priority area (e.g. renewable heat and energy poverty).

¹¹<https://modernisationfund.eu/wp-content/uploads/2023/06/Record-of-MF-IC-decisions-30-March-2023.pdf>

¹²[Record-of-MF-IC-decisions-24-october-2023.pdf \(modernisationfund.eu\)](#)

- Reduced amount of non-priority investments (with no more than 20% of the Fund (and 10% for the new allowances) to be dedicated to non-priority investments).
- Ban on gas (with exceptions).
- DNSH requirement (from 2025).
- Stronger reporting and auditing obligations.
- Possibility to fund cross-border projects (with EU Member States).

The IC elaborated in particular on the changes in the Implementing Regulation, affecting the operational practicalities for the beneficiary Member States. Among others, the main changes can be summarised as below:

- New discontinuation rules better adapted to the financing methods put in place by the Member States.
- Schemes: Maximum duration of 5 years, after which the scheme must be re-examined to be continued.
- Specific rules for large-scale projects for which requested Modernisation Fund support exceeds EUR 70 000 000.
- The annual reports of the beneficiary Member States shall be accompanied with an overview of the investment proposals for the next 2 years. The relation between the overviews and the national energy and climate plans (NECPs) shall be explained.
- An obligation to carry out stakeholders' consultations on large-scale projects, large-scale schemes (> EUR 100 000 000 of MF support) and on the overview of planned investments (before submission to the Modernisation Fund)
- As from 1 January 2025, Member States will have to demonstrate the compliance of their proposed investments with the DNSH criteria (unless the investment is financed with revenues from transferred allowances).
- Member States must audit the use of the MF revenues at least once every two years and report to the EIB and Commission.

Thirdly, the IC discussed lessons learned from previous disbursement cycles and how to improve the implementation of the Modernisation Fund. In order to improve the exchange of information between the beneficiary Member States, IC members also gave updates on the implementation of the Modernisation Fund in their respective countries during the IC deliberations. In particular, the potential use of MF support also as financial instruments by beneficiary Member States was debated in this context.

Other important topics for discussion were the asset management strategy and external stakeholder relations. Regular updates on the available funds, asset allocation and the auctions of the EU ETS allowances were provided by the EIB services.

In general, the IC also continued to emphasize the importance of transparency in the implementation of the Modernisation Fund. As such, it continued to publish a record of its decisions per meeting on the dedicated [Modernisation Fund website](#) and supports the publication of all confirmed and recommended investment proposals (including short descriptions) on the investments page of the Modernisation Fund website after each disbursement cycle. The IC was also being updated by the EIB and EC on third party requests for information on the implementation of the Modernisation Fund, on new features of the website and on other events related to the Modernisation Fund in each IC meeting.

b. Stakeholder relations

In October 2023, in order to enhance the communication with external stakeholders, the IC also held its first civil society seminar in the sidelines of its autumn IC meeting. The IC engaged with representatives from different NGOs, coming from different countries on the implementation of the Modernisation Fund, as well as on the role of civil society. Following the positive discussion and insights received, the IC is envisaging to organise such a seminar on an annual basis.

The dedicated [Modernisation Fund website](#) was also further updated in 2023 and gives general information on the Modernisation Fund and provides easy access to a wide range of documents on its implementation. A record of the decisions of the IC is published after each meeting on the [IC webpage of the Modernisation Fund website](#). In addition, the list of active IC members and their alternates can be consulted on the [Modernisation Fund website](#), including the curricula vitae and declaration of interests of the (alternate) members¹³.

In 2023, the "[List of confirmed and recommended investment proposals](#)", which is being updated after each disbursement cycle, was improved, making extracting data more easy. In general, the table provides information on each investment proposal, including a short description of each proposal, has different filter functionalities, and can also be downloaded in different formats.

¹³ In case new members are nominated, the curricula vitae and declaration of interests of the previous (alternate) members are removed from the website.

In addition, the beneficiary Member States shall make publicly available on the websites of their relevant departments managing the Modernisation Fund information on the investments supported to inform the public of the role and objectives of the Modernisation Fund¹⁴.

Besides the IC meetings, 15 trilateral (beneficiary Member States, EC, EIB) meetings have been organised to discuss the implementation of the Modernisation Fund in the respective countries in 2023.

In addition, as part of the EU Sustainable Energy Week (EUSEW) 2023, a dedicated session on “Boosting innovation and green transition through carbon pricing” was organised on 22 June 2023. The session can be consulted on the [following link](#) and took stock of the progress achieved under the Modernisation and Innovation Funds so far and exchanged views on how the EU ETS can best help bolster investments towards a decarbonised EU economy.

Lastly, promoters, as well as the general public, have continued to file regular requests for information on the implementation of the Modernisation Fund, both to the beneficiary Member States, as to the Secretariat of the IC in 2023.

In this respect, the IC invites everybody who is interested in the implementation of the Modernisation Fund to visit the dedicated website, and in case of any remaining questions, to [contact](#) the Secretariat of the IC.

¹⁴ The relevant webpages of beneficiary Member States are:

- Czech Republic: [About the Modernisation Fund – SFŽP ČR \(sfzp.cz\)](#)
- Estonia: [Modernisation Fund | Keskkonnaministeerium \(envir.ee\)](#)
- Lithuania: <https://www.apva.lt/nacionalines-investicijos/modernizavimo-fondas/apie-projekta/>
- Poland : [Dowiedz się więcej - Fundusz Modernizacyjny - Portal Gov.pl \(www.gov.pl\)](#)
- Romania: <https://energie.gov.ro/category/fondul-pentru-modernizare/>
- Slovakia : [Modernizačný fond \(minzp.sk\)](#)

5. CONCLUSIONS AND OUTLOOK

In its third year of operation, the Modernisation Fund has started delivering results on the ground, with substantial amounts contracted and first payments made to final beneficiaries. The present report also highlights that the vast majority of investments disbursed (47 out of 50) concern priority investments. 2023 also saw tangible impacts delivered by the Fund through CO₂ emission savings, energy efficiency gains and additional renewable capacity installed as reported by Member States.

Overall, the Fund made available in 2023 a total of EUR 4.66bn to nine beneficiary countries to help modernise their energy systems, reduce greenhouse gas emissions in energy, industry, transport and agriculture and support them in meeting their 2030 climate and energy targets. Investments were confirmed in Bulgaria (EUR 197m), Czech Republic (EUR 1.84bn), Estonia (EUR 66m), Croatia (EUR 88m), Latvia (EUR 5m), Lithuania (EUR 11m), Poland (EUR 221m), Romania (EUR 2.169bn), and Slovakia (EUR 60m).

At the end of 2023, the Modernisation Fund has disbursed a total of €9.68 billion of EU ETS revenues since its launch in 2021 to help Member States to accelerate the green transition. The Modernisation Fund is a crucial element for a fair transition and to scale up investments to meet the 2030 climate and energy targets. With revenues from the EU ETS, it delivers concrete results on the ground, helping beneficiary Member States reduce greenhouse gas emissions in key sectors and become climate neutral.

As such, the Modernisation Fund complements other European instruments such as the [cohesion policy](#) and the [Just Transition Fund](#). It mobilises significant resources, which can help beneficiary Member States support investments in line with the [REPowerEU Plan](#) and [Fit For 55](#) package.

From 2024 onwards the strengthened EU ETS increases the size of the Modernisation Fund and provides financial assistance to three additional Member States with their transition (Portugal, Greece and Slovenia). In addition, no more than 20% of the Fund (and 10% for the new allowances) can be dedicated to non-priority investments. New eligibility criteria (e.g. Inclusion of renewable heat and cooling as a priority area), as well as amendments regarding provisions on fossil fuel also reinforce EU climate ambition, while the reinforcement of the stakeholder engagements in the preparation of investment proposals by beneficiary Member States will help transparency in the implementation of the Modernisation Fund.

Going forward, alignment with the “Do No Significant Harm Principle” of the EU Taxonomy will apply from 2025 onwards. As beneficiary Member States continue implementing confirmed investments, it can be expected that more and more concrete results delivered by the Fund will be visible on the ground.

Appendix 1 - Overview Table of Investments Confirmed by the EIB (Priority Proposals) or recommended by the Investment Committee (Non-Priority Proposals) in 2023

| BMS | Title of the investment | Type of proposal | Type of investment | Status | Date of confirmation (PI) / IC decision (NP) | Disbursed amount (tranche) | Description | Priority Area | MF reference number |
|-----|---|------------------|--------------------|----------------|--|----------------------------|--|--|---------------------|
| BG | Rolling out of smart meters, including necessary infrastructure, stage of the project for integration of advanced metering infrastructure | Priority | Project | Confirmed (PI) | 16/03/2023 | 30,000,000 € | The investment concerns the deployment of 450 000 smart electricity meters during 2024-2027, as well as the necessary infrastructure. The project will increase energy efficiency, support the system's flexibility, reduce losses, and enhance the control and supervision of the network. | Modernisation of energy networks | MF 2023-1 BG 0-001 |
| BG | Integration of Metering Data Management (MDM) System, part of Advanced Metering Infrastructure project | Priority | Project | Confirmed (PI) | 16/03/2023 | 9,000,000 € | The investment concerns integrating a software system allowing data storage and management for 2 300 000 smart metering devices in the service of the Bulgarian DSOs, Electrodistribution Grid EAD (EDG West). | Modernisation of energy networks | MF 2023-1 BG 0-002 |
| BG | Modernization and development of the information systems and physical infrastructure of a licensed distribution network operator with the purpose of accelerated electrification and decarbonization of energy consumption and production | Priority | Project | Confirmed (PI) | 16/03/2023 | 30,000,000 € | The project is targeting the installation of 6 000 electricity meters with remote meter reading capabilities and replacing old and inefficient transformers. | Modernisation of energy networks | MF 2023-1 BG 0-003 |
| BG | Modernisation, digital transformation and development of the information systems and physical infrastructure of the electricity distribution grid in South-Eastern Bulgaria to enable smart grids for accelerated electrification of transport, storage deployment, decarbonisation and decentralization of energy consumption and production in distribution grids | Priority | Project | Confirmed (PI) | 16/03/2023 | 127,573,716 € | The project proposes investments in automation, digitalisation and development for the electricity network, replacement of grid transformers, switchgears, telecontrol system integration, construction and replacement of cable lines. | Modernisation of energy networks | MF 2023-1 BG 0-004 |
| CZ | Modernization of the ŠKO-ENERGO heating plant | Priority | Project | Confirmed (PI) | 16/03/2023 | 89,376,476 € | A high-pressure K20 steam boiler will be built to burn wood chips and will be installed in a separate boiler room. Currently used lignite-biomass boiler will be replaced by 100% biomass combustion. Modifications of boilers will be based mainly on fuel inlets to the boilers. New wood chips tanks will be built (instead of the existing non-compliant coal tanks) before the fuel enters the boilers and the wood chip transport system before and after the tanks. | Generation and use of electricity from renewable sources; Improvement of energy efficiency | MF 2023-1 CZ 0-001 |
| CZ | Modernization of "Brno-North" Heat Source for Brno City Heat Energy Supply System | Priority | Project | Confirmed (PI) | 16/03/2023 | 79,568,908 € | The implementation of the project to modernise the Brno - North source includes the installation of modern technology for burning wood biomass, with a total thermal output of 43 MWt, using a new back-pressure steam turbine. This is supplemented by a highly efficient flue gas cleaning system. The thermal and electrical energy produced from biomass will replace the same amount of energy produced from natural gas. | Generation and use of electricity from renewable sources; Improvement of energy efficiency | MF 2023-1 CZ 0-002 |
| CZ | Modernization of WtE plant of the SAKO Brno to increase processing capacity and operational efficiency | Priority | Project | Confirmed (PI) | 16/03/2023 | 116,780,718 € | The project aims to replace of the heat generated from natural gas and supplied into the DH network in Brno with the heat and electricity produced in WtE plant. | Improvement of energy efficiency | MF 2023-1 CZ 0-003 |
| CZ | Construction of WtE facility in the Mělník power plant location | Priority | Project | Confirmed (PI) | 16/03/2023 | 249,946,208 € | The partial replacement of the existing capacity of the EMĚ1 (coal-fired thermal power plant) in Mělník with the capacity of the newly implemented WtE-HE-CHP plant. | Improvement of energy efficiency | MF 2023-1 CZ 0-004 |
| CZ | Scheme: Energy efficiency and savings in modernisation and development of pipelines in the district heating and cooling (DHC) - priority investment of the Programme "HEAT" (Modernization of thermal energy supply systems) | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 100,000,000 € | The improvement of energy efficiency and modernisation of District Heating networks by: a) Modernization and reconstruction of existing heat energy supply systems. b) Development and interconnection of existing thermal energy supply systems. c) Installation and modernization of technological equipment related to thermal energy distribution. | Improvement of energy efficiency; Modernisation of energy networks | MF 2023-1 CZ 0-005 |
| CZ | Replacement of a coal block with a gas source (STAGE I) - Opatovice | Priority | Project | Confirmed (PI) | 16/03/2023 | 64,255,276 € | High-efficiency CHP aiming to replace an existing coal-fired source with a CCGT and heat recovery steam generators to maintain the supply of heat to local distribution system of central heating in combination with production of electricity. | Improvement of energy efficiency | MF 2023-1 CZ 0-007 |
| CZ | Waste to energy plant in Psek | Priority | Project | Confirmed (PI) | 16/03/2023 | 53,864,049 € | Replacement of lignite fuelled boiler with Waste to Energy high efficiency Combined Heat and Power plant in Psek. | Improvement of energy efficiency | MF 2023-1 CZ 0-008 |
| CZ | The Construction of a steam-gas cycle PPC1 at The UE Komofany | Priority | Project | Confirmed (PI) | 16/03/2023 | 57,784,105 € | High-efficiency CHP replacing coal with natural gas as a source of heat for district heating system in the towns of Most and Litvínov. | Improvement of energy efficiency | MF 2023-1 CZ 0-009 |
| CZ | Waste-to-Energy Facility EVO – Komofany, Most | Priority | Project | Confirmed (PI) | 16/03/2023 | 105,586,266 € | The investment concerns construction of the high-efficiency cogeneration plant using municipal waste with a capacity of 150 000 tonnes/year in Most. | Improvement of energy efficiency | MF 2023-1 CZ 0-010 |
| CZ | Energy efficiency and energy savings in public buildings (ENERGov Programme) | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 50,000,000 € | The investment proposal consists of implementation the following types of measures in public buildings: a) Reduction of the energy performance of public buildings and public infrastructure. b) Installation and renovation of renewable energy sources for public buildings or to provide system energy supply in the public sector. c) Introduction of energy management. | Energy efficiency in buildings | MF 2023-1 CZ 0-011 |
| CZ | Energy efficiency and energy savings in new buildings for public sector (ENERGov Programme) | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 50,000,000 € | The scheme focuses on contributing to the achievement of a higher energy standard for public buildings. The supported activities will contribute to achieving high performance energy standards, passive energy standards and zero energy buildings in newly constructed public sector. | Energy efficiency in buildings | MF 2023-1 CZ 0-013 |
| CZ | Construction of OV VP4 media preheating | Priority | Project | Confirmed (PI) | 09/10/2023 | 4,648,807 € | The goal of the project is to improve the energy efficiency of the media preheating process by modernizing the technological equipment of the heat exchangers in the Trinecké železářny steel production facility. | Improvement of energy efficiency | MF 2023-2 CZ 0-002 |
| CZ | EGT-transition to low-emission heat and power generation - Stage 1. | Priority | Project | Confirmed (PI) | 09/10/2023 | 307,762,161 € | The project aims to replace the EMĚ II heat source in the heat energy supply system supplying the municipalities of Mělník and Prague with a combined cycle power unit to shift from coal to natural gas. | Improvement of energy efficiency | MF 2023-2 CZ 0-003 |
| CZ | The Construction of a steam-gas cycle PPC2 at The UE Komofany | Priority | Project | Confirmed (PI) | 09/10/2023 | 62,399,645 € | Project to support the construction of a high-efficiency CHP with a thermal output into district heating system. | Improvement of energy efficiency | MF 2023-2 CZ 0-005 |
| CZ | Replacement of a coal block with a gas source - STAGE II | Priority | Project | Confirmed (PI) | 09/10/2023 | 47,848,099 € | The investment consists of replacement of the existing coal-fired source by combined cycle gas turbines (CCGT) and heat recovery steam generators (HRSG) in order to reduce the production of CO2 from fossil fuels and consumption of primary non-renewable energy. The supply of heat to the local distribution system of central heating will be in combination with the production of electricity in a high-efficiency CHP solution that provides primary energy savings higher than 10%. | Improvement of energy efficiency | MF 2023-2 CZ 0-006 |

| BMS | Title of the investment | Type of proposal | Type of investment | Status | Date of confirmation (PI) IC decision (NPI) | Disbursed amount (tranche) | Description | Priority Area | MF reference number |
|-----|---|------------------|-------------------------|----------------------|---|----------------------------|--|--|---------------------|
| CZ | EVO Planá - Energie z odpadu Tábořská / WtE Planá | Priority | Project | Confirmed (PI) | 09/10/2023 | 58,441,401 € | Replacement of the lignite and oil generation units with mixed municipal solid waste and waste wood unit in the electricity and heat generation. | Improvement of energy efficiency | MF 2023-2 CZ 0-008 |
| CZ | Energy Efficiency and Energy Savings in houses and buildings for Residential Sector (HouseEnergy Programme) | Priority | Scheme | Confirmed (PI) | 09/10/2023 | 300,000,000 € | 2 nd disbursement request of the scheme MF 2022-2 CZ 0-001. The main objective of the scheme is to improve energy efficiency in in the residential sector (both single-family houses and apartment buildings). | Energy efficiency in buildings | MF 2023-2 CZ 0-009 |
| CZ | Scheme: Modernization of energy sources to natural gas with CHP; priority investment of the Programme "HEAT" (Modernization of thermal energy supply systems) | Priority | Scheme | Confirmed (PI) | 09/10/2023 | 50,000,000 € | 2 nd disbursement request of the scheme MF 2022-1 CZ 0-001. | Improvement of energy efficiency | MF 2023-2 CZ 0-010 |
| EE | Programme for improvement of energy efficiency and renewable energy use in public sector buildings | Priority | Scheme | Confirmed (PI) | 09/10/2023 | 41,934,000 € | 3 rd disbursement request of the scheme MF 2021-2 EE 0-001. The main objective of the investment is to improve energy efficiency in public buildings in Estonia. The scheme covers two subprograms targeting energy efficiency in buildings of the central government and buildings of the municipalities. | Energy efficiency in buildings | MF 2023-2 EE 0-001 |
| EE | Energy-efficient low-emission public transport programme | Priority | Scheme | Confirmed (PI) | 09/10/2023 | 24,461,000 € | 3 rd disbursement request of the scheme MF 2021-2 EE 0-002. | Energy efficiency in transport | MF 2023-2 EE 0-002 |
| HR | Energy efficiency improvement and high-efficiency cogeneration investments in the manufacturing industry | Priority | Subsequent disbursement | Confirmed (PI) | 16/03/2023 | 40,000,000 € | Subsequent disbursement of the scheme MF 2022-2 HR 0-002 | Improvement of energy efficiency | MF 2023-1 HR 0-001 |
| HR | State Aid Scheme to support the production of electricity from renewable energy sources from the Modernisation fund | Priority | Subsequent disbursement | Confirmed (PI) | 16/03/2023 | 20,000,000 € | Subsequent disbursement of the scheme MF 2022-1 HR 0-001 | Generation and use of electricity from renewable sources; Energy storage | MF 2023-1 HR 0-002 |
| HR | PV and energy storage for the public water service providers | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 23,000,000 € | The scheme aims to finance projects of 60 public water service providers to produce electricity from photovoltaics and energy storage systems. | Generation and use of electricity from renewable sources; Energy storage | MF 2023-1 HR 0-003 |
| HR | Investment in PV by public municipal waste service providers | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 5,000,000 € | The scheme aims to finance projects of 28 municipal waste service providers to produce electricity from photovoltaics. | Generation and use of electricity from renewable sources | MF 2023-1 HR 0-004 |
| LT | Renovation (modernization) of multi-apartment buildings | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 1,000,000 € | The main objective of the investment is to improve energy efficiency in multi-apartment buildings and reduce greenhouse gases emissions. The scheme supports energy efficiency measures within renovation of multi-apartment buildings. It addresses buildings that have been constructed in accordance with the technical construction regulations in force before 1993. | Energy efficiency in buildings | MF 2023-1 LT 0-001 |
| LT | Renewable energy development in EU-ETS manufacturing enterprises | Priority | Scheme | Confirmed (PI) | 09/10/2023 | 10,000,000 € | Scheme to support the development of RES capacities in the Lithuanian large and medium-sized industrial sector participating in the EU ETS system. | Generation and use of electricity from renewable sources | MF 2023-2 LT 0-001 |
| LV | Energy efficiency in transport sector - support for introduction of electric vehicles and corresponding charging infrastructure | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 5,000,000 € | The aim of the investment is to support the improvement of energy efficiency through development of energy efficient public transport projects that contribute to reaching energy efficiency targets in the transport sector. The investment supports the purchase of an electric vehicles as well as charging stations and technologies for electricity production from renewable energy for charging stations. | Generation and use of electricity from renewable sources; Energy efficiency in transport | MF 2023-1 LV 0-001 |
| PL | The use of alternative fuels for energy purposes | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 44,400,000 € | The investment will support projects related to the improvement of energy efficiency by constructing thermal conversion installations for alternative fuels. The units will operate in high-efficiency cogeneration conditions. The construction of high-efficiency cogeneration units using alternative fuels instead of conventional fuels will improve the condition of energy infrastructure in the manufacturing sector and, in particular, will increase its efficiency. | Improvement of energy efficiency; Energy storage | MF 2023-1 PL 0-001 |
| PL | Cogeneration for District Heating – Part II | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 2,220,000 € | The investment proposal concerns a scheme for the period 2023-2030 relating to the construction or reconstruction of generating units operating in the conditions of high-efficiency cogeneration (within the district heating system, with ordered thermal power, not less than 50 MW). | Improvement of energy efficiency | MF 2023-1 PL 0-002 |
| PL | Cogeneration for Energy and Industry – sectors in energy transition | Priority | Scheme | Confirmed (PI) | 09/10/2023 | 44,570,000 € | The scheme supports construction or reconstruction of generating units with an installed capacity of not less than 0.5 MW, operating in the conditions of high-efficiency cogeneration (excluding energy generated in a coal-fired cogeneration unit), together with their connection to the transmission network, in which energy production uses: • waste heat (excess heat energy from the industrial processes of energy conversion); • energy from renewable sources; • gaseous fuels, gas mixtures, synthetic gas or hydrogen. Installations are eligible for co-financing, of which no more than 50% of useful heat generated in the cogeneration unit will be fed into the public heating network. | Improvement of energy efficiency | MF 2023-2 PL 0-001 |
| PL | Cogeneration for Energy and Industry | Priority | Scheme | Confirmed (PI) | 09/10/2023 | 24,700,000 € | 2 nd disbursement request of the scheme MF 2021-2 PL 0-002. | Improvement of energy efficiency | MF 2023-2 PL 0-002 |
| PL | Development of the power grid for future electric car charging stations | Priority | Scheme | Confirmed (PI) | 09/10/2023 | 105,000,000 € | 2 nd disbursement request of the scheme MF 2021-1 PL 0-006. Supporting the development of the power grid for future electric car charging stations. | Modernisation of energy networks | MF 2023-2 PL 0-003 |
| RO | Supporting investments in new production capacities of electricity produced from renewable sources - solar, wind and hydro for self-consumption | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 250,000,000 € | Scheme to support the creation of new RES production capacities from wind, solar and hydro sources for self-consumption based on a competitive bidding procedure. | Generation and use of electricity from renewable sources | MF 2023-1 RO 0-001 |
| RO | Supporting investments in new production capacities of electricity produced from renewable sources - solar, wind and hydro | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 250,000,000 € | Scheme to support the creation of new RES production capacities from wind, solar and hydro sources based on a competitive bidding procedure. | Generation and use of electricity from renewable sources | MF 2023-1 RO 0-002 |
| RO | Supporting investments in new production capacities of electricity produced from renewable sources – solar, wind and hydro for self-consumption for public institutions | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 200,000,000 € | Scheme to support the creation of new RES production capacities from wind, solar and hydro sources for self-consumption for public institutions based on a first come, first served principle. | Generation and use of electricity from renewable sources | MF 2023-1 RO 0-003 |
| RO | Support for the modernisation /rehabilitation of the smart district heating network - Type B Projects which do not fall under the incidence of state aid | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 190,000,000 € | The investment proposal concerns a scheme for the period 2023-2030 relating to the modernisation, digitalisation, extension of the District Heating networks in Romania. The main objective of the investment is to support the energy efficiency improvements in district heating and reduction of heat losses. | Modernisation of energy networks | MF 2023-1 RO 0-004 |
| RO | Support for the modernisation /rehabilitation of the smart district heating network - Type A Projects which fall under the incidence of state aid | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 60,000,000 € | The investment proposal concerns a scheme for the period 2023-2030 relating to the modernisation, digitalisation, extension of the District Heating networks in Romania. The main objective of the investment is to support the energy efficiency improvements in district heating and reduction of heat losses. | Modernisation of energy networks | MF 2023-1 RO 0-005 |
| RO | Supporting investments in new renewable electricity (solar and wind) generation capacities for self-consumption of enterprises in the agricultural and food sectors | Priority | Scheme | Confirmed (PI) | 16/03/2023 | 100,000,000 € | Scheme to support the creation of new RES production capacities from wind and solar sources, with or without storage, for enterprises in the agricultural and food sector based on a competitive bidding procedure. | Generation and use of electricity from renewable sources | MF 2023-1 RO 0-006 |
| RO | Gas Transmission Pipeline Black Sea-Podisor | Non-Priority | Project | Approved by IC (NPI) | 30/03/2023 | 85,544,422 € | Natural gas transmission pipeline: 308.1 km, 12 bcm/y pipeline (32.4 km DN1200, 275.7 km DN1000). | Not applicable | MF 2023-1 RO 1-001 |
| RO | Gas transmission pipeline Ghercești-Iltaru" (including power supply, cathodic protection and flare optic) | Non-Priority | Project | Approved by IC (NPI) | 30/03/2023 | 8,038,348 € | Natural gas transmission pipeline: 90 km, 1.9 bcm/y pipeline (DN600). | Not applicable | MF 2023-1 RO 1-002 |
| RO | DigitEL Green Pilot Project – Refurbishment of 220/110/20kV Mostiștea in digital and low environmental impact substation concept | Priority | Project | Confirmed (PI) | 09/10/2023 | 48,340,734 € | Refurbishment of 220/110/20kV Mostiștea substation. | Improvement of energy efficiency; Modernisation of energy networks | MF 2023-2 RO 0-002 |

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|-----|--|------------------|--------------------|----------------------|--|-------------------------------|---|----------------------------------|---------------------|
| RO | Support for the expansion and modernization of the electricity distribution network | Priority | Scheme | Confirmed (PI) | 09/10/2023 | 500,000,000 € | 2 nd disbursement request of the scheme MF 2022-1 RO 0-017. Supporting expansion and modernisation of the electricity DSO's grid in RO. | Modernisation of energy networks | MF 2023-2 RO 0-006 |
| RO | Supporting the reduction of energy consumption through energy efficiency in the transport sector- sustainable rolling stock | Priority | Project | Confirmed (PI) | 09/10/2023 | 470,246,750 € | Replacement of 77 old electric trains by 62 new electric multiple-unit (EMU) trains in 11 routes in RO. | Energy efficiency in transport | MF 2023-2 RO 0-008 |
| RO | Gas Transmission Pipeline to supply Mintia Plant (covering other industrial and casnic consumers) | Non-Priority | Project | Approved by IC (NPI) | 24/10/2023 | 6,826,947 € | Investment mainly concerns connection of the Mintia CCGT to the gas distribution network. | Not applicable | MF 2023-2 RO 1-001 |
| SK | State Aid Scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund: high-efficiency cogenerations | Priority | Scheme | Confirmed (PI) | 09/10/2023 | 30,000,000 € | 3 rd disbursement request of the scheme MF 2021-2 SK 0-002. | Improvement of energy efficiency | MF 2023-2 SK 0-001 |
| SK | State aid scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund – SHC | Priority | Scheme | Confirmed (PI) | 09/10/2023 | 30,000,000 € | 3 rd disbursement request of the scheme MF 2021-2 SK 0-003. | Modernisation of energy networks | MF 2023-2 SK 0-002 |

