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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	<p>OPINION of the European Committee of the Regions – Towards a socially fair implementation of the Green Deal</p> <p>-Proposal for a Regulation of the European Parliament and of the Council establishing a Social Climate Fund [COM (2021) 568 final – 2021/0206 (COD)]</p> <p>-Proposal for a Council Directive restructuring the Union framework for the taxation of energy products and electricity (recast) [COM(2021) 563 final – 2021/0213 (CNS)]</p>

Delegations will find attached the abovementioned opinion. Other language versions are available
on the following website: <https://cor.europa.eu/en/our-work/opinions>



**European Committee
of the Regions**

ENVE-VII/022

149th plenary session, 27-29 April 2022

OPINION

Towards a socially fair implementation of the Green Deal

THE EUROPEAN COMMITTEE OF THE REGIONS

- welcomes the proposal for a Social Climate Fund as a statement of solidarity and commitment to achieving a just and socially fair transition, as a way to balance the negative effects on the most endangered groups and territories, and as an answer to our call for enhancing the integrity and operation of the EU Emission Trading Scheme (ETS) while providing support for vulnerable regions and groups;
- underlines that climate and energy policies as well as the carbon market must not affect vulnerable households, micro- and -small enterprises, and mobility users, including in rural and remote areas;
- demands that at least a 35% of the financial envelope of the Social Climate Fund should be directly managed by local and regional authorities;
- calls for a recognition of local and regional authorities' role as key contributors to the national Social Climate Plans, while ensuring that the drafting does not add an administrative burden to the local and regional authorities;
- emphasises that while the aim of the Social Climate Fund is a step in the right direction to deliver a just green transition, further efforts in financial terms should be developed. The Social Climate Fund itself will not be enough to tackle the undesirable social effects and economic shortcomings of the measures to achieve climate neutrality.
- demands that the revenues derived from the ETS II should in part be allocated to the Social Climate Fund and to measures directed to ensure that no one suffers disadvantages from achieving climate neutrality;
- suggests that in case the carbon price leads to higher revenues than expected, the financial envelope of the Social Climate Fund will be increased accordingly;
- welcomes the revision of the Energy Taxation Directive so that its content is adjusted and adapted to the need for increased climate action and environmental protection;
- suggests analysing territorial patterns for Member States at regional level in order to allow regional or even local exemptions or reduced levels or other compensation in special circumstances such as poverty risk for the most affected households and businesses.

Rapporteur

Csaba Borboly (RO/EPP), President of Harghita County Council, Romania

Reference documents

Proposal for a Regulation of the European Parliament and of the Council establishing a Social Climate Fund

COM(2021) 568 final

Proposal for a Council Directive restructuring the Union framework for the taxation of energy products and electricity (recast)

COM(2021) 563 final

**Opinion of the European Committee of the Regions –
Towards a socially fair implementation of the Green Deal**

I. RECOMMENDATIONS FOR AMENDMENTS

**Proposal for a Regulation of the European Parliament and of the Council establishing a Social Climate Fund
COM (2021) 568 final**

Amendment 1

Recital 7

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
In order to implement the commitments towards climate neutrality, the Union's climate and energy legislation has been reviewed and amended in order to accelerate the greenhouse gas emissions reductions.	In order to implement the commitments towards climate neutrality, the Union's climate and energy legislation has been reviewed and amended in order to accelerate the greenhouse gas emissions reductions. <i>Those amendments should be in line with the principles of the European Pillar of Social Rights, ensuring that everyone can fully benefit from the just transition and that no one is left behind. A new Social Climate Fund would contribute to protect and empower the most vulnerable households and mobility users with a view to eradicating energy and mobility poverty across Europe.</i>

<i>Reason</i>
Self-explanatory.

Amendment 2

Recital 8

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Those amendments have differing economic and social impacts on the different sectors of the economy, on <i>the citizens</i> , and the Member States. In particular, the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC of the European Parliament and the Council [31] should provide an additional economic incentive to invest into the reduction of fossil fuel consumption and thereby accelerate the reduction of greenhouse gas emissions. Combined with other measures, this	Those amendments have differing economic and social impacts on the different sectors of the economy, on <i>households, micro and small enterprises, among regions and cities</i> , and the Member States. In particular, the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC of the European Parliament and the Council [31] should provide an additional economic incentive to invest into the reduction of fossil fuel consumption and thereby accelerate the reduction

<p>should, in the medium to long term, reduce the costs for buildings and road transport, and provide new opportunities for job creation and investment.</p> <p>[31] Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union (OJ L 275, 25.10.2003, p. 32).</p>	<p>of greenhouse gas emissions. Combined with other measures, this should, in the medium to long term, reduce the costs for buildings and road transport, and provide new opportunities for job creation and investment.</p> <p>[31] Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union (OJ L 275, 25.10.2003, p. 32).</p>
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<i>Reason</i>
Self-explanatory.

Amendment 3

Recital 10

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
The increase in the price for fossil fuels may disproportionately affect vulnerable households, vulnerable micro-enterprises and vulnerable transport users who spend a larger part of their incomes on energy and transport, who, in certain regions, do not have access to alternative, affordable mobility and transport solutions and who may lack the financial capacity to invest into the reduction of fossil fuel consumption.	The increase in the price for fossil fuels may disproportionately affect vulnerable households, vulnerable micro and small enterprises and vulnerable mobility users who spend a larger part of their incomes on energy and transport, who, in certain regions, do not have access to alternative, affordable mobility and transport solutions and who may lack the financial capacity to invest into the reduction of fossil fuel consumption. <i>The impact of these measures is also likely to be very different depending on the specific conditions and context of the various EU regions and these differences should be explicitly explored.</i>

<i>Reason</i>
It is relevant to highlight that regional and local differences should be explored and analyzed. The Social Climate Fund should extend its scope to vulnerable micro and small enterprises instead of just targeting micro-enterprises.

Amendment 4

Recital 11

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Therefore, <i>a part of</i> the revenues generated by the inclusion of building and road transport into the	Therefore, the revenues generated by the inclusion of building and road transport into the scope of

scope of Directive 2003/87/EC should be used to address the social impacts arising from that inclusion, for the transition to be just and inclusive, leaving no one behind.	Directive 2003/87/EC must be used to address the social and economic impacts arising from that inclusion, for the transition to be just and inclusive, leaving no one behind.
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Reason
All the revenues generated by the ETS for buildings and road transport will be spent in measures to address the social impacts caused by setting a carbon price.

Amendment 5

Recital 12

Text proposed by the European Commission	CoR amendment
<p>This is even more relevant in view of the existing levels of energy poverty. Energy poverty is a situation in which households are unable to access essential energy services such as cooling, as temperatures rise, and heating. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6.9% of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey [32]. Overall, the Energy Poverty Observatory estimates that more than 50 million households in the European Union experience energy poverty. Energy poverty is therefore a major challenge for the Union. While social tariffs or direct income support can provide immediate relief to households facing energy poverty, only targeted structural measures, in particular energy renovations, can provide lasting solutions.</p> <p>[32] Data from 2018. Eurostat, SILC [ilc_mdcs01])</p>	<p>This is even more relevant in view of the existing levels of energy poverty. Energy poverty is a situation in which households lack access to essential energy services that underpin a decent standard of living and health, including adequate heating, cooling, lighting, and energy to power appliances, in the relevant national or regional context, and in the relevant existing social policy and other relevant policies, often as a result of low income, facing a high share of energy expenditure and low energy efficiency as part of their disposable income. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6.9% of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey [32]. Overall, the Energy Poverty Observatory estimates that more than 50 million households in the European Union experience energy poverty. Energy and mobility poverty is therefore a major challenge for the Union. Despite the importance of that challenge having been acknowledged at the Union level for over a decade through various initiatives, legislation and guidelines, there is no standard Union-level definition of energy or mobility poverty, therefore the necessary indicators to measure it need to be developed with full attention to the regional and local diversity, as only one third of Member States have put in place a national definition of energy poverty. As a result, no transparent and comparable data on energy poverty in the Union is available. Therefore, a Union-level definition should be established to effectively address energy poverty</p>

	<p><i>and measure progress across Member States.</i> While social tariffs or direct income support can provide immediate relief to households facing energy poverty, only targeted structural measures, <i>the application of the energy efficiency first principle, the installation of additional renewable energy sources, including through community-led projects</i>, in particular energy <i>refurbishment</i>, can provide lasting solutions <i>and effectively help combat energy poverty.</i></p> <p>[32] Data from 2018. Eurostat, SILC [ilc_mdcs01])</p>
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<i>Reason</i>
A clear and standardised definition and concept of energy poverty should be determined, taking a joint, cross-cutting, flexible and coordinated approach to the different social, technical, economic and budgetary aspects.

Amendment 6

Recital 14

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
For that purpose, each Member State should submit to the Commission a Social Climate Plan ('the Plan'). Those Plans should pursue two objectives. Firstly, they should <i>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.</i> Secondly, they should <i>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.</i> The Plans should have an investment component promoting the long-term <i>solution of reduce</i> fossil fuels reliance <i>and could envisage other measures, including temporary direct income support to mitigate adverse income effects in the shorter term.</i>	For that purpose, each Member State should submit to the Commission a Social Climate Plan ('the Plan'). Those Plans should pursue two objectives. Firstly, they should <i>identify and map households in situation of energy and mobility poverty or at risk of falling into energy poverty, vulnerable micro and small enterprises, and provide a detailed analysis, conducted together with the local and regional authorities, social partners and civil society, on the main causes of energy and mobility poverty in their respective territories. The Plans should also set targets for the progressive and effective eradication of energy and mobility poverty.</i> Secondly, they should <i>provide households in energy poverty and people facing mobility poverty, as well as micro and small enterprises, the necessary resources to finance and carry out investments in the deep renovation of buildings, in particular worst performing buildings and social housing, in powering any residual demand for heating and cooling with renewable energy, and in zero-</i>

	<i>emission mobility</i> . The Plans should <i>mainly</i> have an investment component promoting the long-term <i>solutions</i> of <i>phasing out</i> fossil fuels reliance. <i>Other</i> measures <i>such as</i> direct support <i>can be envisaged but should be limited in time and conditioned to long- term investments with long lasting impacts</i> .
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<i>Reason</i>
The mapping should include also households that are not yet characterised by energy poverty, but could slide easily into it in the near future, due to bad insulation and rising energy prices.

Amendment 7

Recital 15

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Member States, in consultation with regional level authorities, are best placed to design and to implement Plans that are adapted and targeted to their local, regional and national circumstances as their existing policies in the relevant areas and planned use of other relevant EU funds. In that manner, the broad diversity of situations, the specific knowledge of local and regional governments, research and innovation and industrial relations and social dialogue structures, as well as national traditions, can best be respected and contribute to the effectiveness and efficiency of the overall support to the vulnerable.	Member States, in consultation with regional, <i>local, urban and other public</i> authorities, <i>civil society, economic</i> and <i>social partners</i> , are best placed to design and to implement Plans that are adapted and targeted to their local, regional and national circumstances as their existing policies in the relevant areas and planned use of other relevant EU funds. In that manner, the broad diversity of situations, the specific knowledge of local and regional governments, <i>of social and economic partners and the civil society</i> , research and innovation and industrial relations and social dialogue structures, as well as national traditions, can best be respected and contribute to the effectiveness and efficiency of the overall support to the vulnerable.

<i>Reason</i>
Local and regional authorities should be recognised as key actors in the implementation and drafting of the plans. Civil society and economic and social partners also have a role to play.

Amendment 8

Recital 16

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Ensuring that the measures and investments are particularly targeted towards energy poor or vulnerable households, vulnerable micro-	Ensuring that the measures and investments are particularly targeted towards energy poor or vulnerable households, vulnerable micro <i>and</i>

enterprises and vulnerable transport users is key for a just transition towards climate neutrality. Support measures to promote reductions in greenhouse gas emissions should help Member States to address the social impacts arising from the emissions trading for the sectors of buildings and road transport.	small enterprises , and vulnerable mobility users is key for a just transition towards climate neutrality. Support measures to promote reductions in greenhouse gas emissions should help Member States, regions and cities to address the social impacts arising from the emissions trading for the sectors of buildings and road transport.
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Reason
Subnational governments are also responsible for protecting vulnerable households, micro and small enterprises and mobility users in the just transition, but to exercise their competences effectively they also require support schemes.

Amendment 9

Recital 20

Text proposed by the European Commission	CoR amendment
Member States should submit their Plans together with the update of their integrated national energy and climate plans in accordance with Article 14 of Regulation (EU) 2018/1999 of the European Parliament and of the Council. The Plans should include the measures to be financed, their estimated costs and the national contribution. They should also include key milestones and targets to assess the effective implementation of the measures.	Member States should submit their Plans together with the update of their integrated national energy and climate plans in accordance with Article 14 of Regulation (EU) 2018/1999 of the European Parliament and of the Council, <i>drafted in close and meaningful cooperation with local and regional authorities, in accordance with the principles of the European code of conduct on partnerships established by Commission Delegated Regulation (EU) No 240/2014.</i> The Plans should include <i>an estimate of the expected impacts and financing in different regions, at least at NUTS 3 level,</i> the measures to be financed, their estimated costs and the national contribution. They should also include key milestones and targets to assess the effective implementation of the measures <i>and a monitoring system. There should be a possibility for the regions to draft their own plan, especially for rural, mountainous, peripheral and island regions.</i>

Reason
The plans should include an estimate of the expected impacts in different regions and provide for a system to monitor implementation, since local and regional governments have a better knowledge of the socio-economic context of their local areas. Significant involvement of LRAs in the design and implementation of the Social Climate Plans is crucial for the success of the Fund, because a significant part of the measures have to be implemented at local level to be successful, given territorial factors and differences.

Amendment 10

Recital 21

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>The Fund and the Plans should be coherent with and framed by the reforms planned and the commitments made by the Member States under their updated integrated national energy and climate plans in accordance with Regulation (EU) 2018/1999, under Directive [yyyy/nnn] of the European Parliament and the Council [Proposal for recast of Directive 2012/27/EU on energy efficiency], <i>the European Pillar of Social Rights Action Plan [37], the European Social Fund Plus (ESF+) established by Regulation (EU) 2021/1057 of the European Parliament and of the Council [38], the Just Transition Plans pursuant to Regulation (EU) 2021/1056 of the European Parliament and of the Council [39]</i> and the Members States long-term buildings renovation strategies pursuant to Directive 2010/31/EU of the European Parliament and of the Council [40]. To ensure administrative efficiency, where applicable, the information included in the Plans should be consistent with the legislation and plans listed above.</p> <p><i>[37] Endorsed by the European Council on 24 and 25 June 2021.</i></p> <p><i>[38] Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013 (OJ L 231, 30.6.2021, p. 21).</i></p> <p><i>[39] Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1).</i></p> <p>[40] Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p.13).</p>	<p>The Fund and the Plans – <i>besides being aligned with the other structural and transition funds, namely ERDF, ESF+, CF and JTF</i>, should be coherent with and framed by the reforms planned and the commitments made by the Member States under their updated integrated national energy and climate plans in accordance with Regulation (EU) 2018/1999, under Directive [yyyy/nnn] of the European Parliament and the Council [Proposal for recast of Directive 2012/27/EU on energy efficiency], <i>Directive [aaaa/nnn] of the European Parliament and of the Council [amending Directive (EU) 2018/2001 of the European Parliament and of the Council, Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive 98/70/EC of the European Parliament and of the Council as regards the promotion of energy from renewable sources]</i> and the Members States long-term buildings renovation strategies pursuant to Directive 2010/31/EU of the European Parliament and of the Council [37]. To ensure administrative efficiency, where applicable, the information included in the Plans should be consistent with the legislation and plans listed above.</p> <p>[37] Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p.13).</p>

Amendment 11

Recital 22

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
The Union should support Member States with financial means to implement their Plans through the Social Climate Fund. Payments from the Social Climate Fund should be made conditional on achievement of the milestones and targets included in the Plans. <i>This would allow efficiently taking into account national circumstances and priorities while simplifying financing and facilitating its integration with other national spending programmes while guaranteeing the impact and the integrity of EU spending.</i>	The Union should support Member States with financial means <i>under shared management</i> to implement their Plans through the Social Climate Fund. <i>In order to ensure the most efficient use of EU funds,</i> payments from the Social Climate Fund should be made conditional on the achievement of the milestones and targets included in the Plans <i>as well as on the adoption by Member States of legally binding targets and measures for the phase out of all fossil fuels in a timeframe consistent with the objective of limiting global warming to 1.5°C above pre-industrial levels, including the phase out of solid fossil fuels by 2030 at the latest and of fossil gas by 2040.</i>

<i>Reason</i>
Self-explanatory.

Amendment 12

Recital 23

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
The financial envelope of the Fund should, in principle, be commensurate to amounts corresponding to 25% of the expected revenues from the inclusion of buildings and road transport into the scope of Directive 2003/87/EC in the period 2026-2032. Pursuant to Council Decision (EU, Euratom) 2020/2053, Member States should make those revenues available to the Union budget as own resources. Member States are to finance <i>50%</i> of the total costs of their Plan themselves. For this purpose, as well as for investment and measures to accelerate and alleviate the required transition for citizens negatively affected, Member States should <i>inter alia</i> use their expected revenues from emissions trading for buildings and road transport under Directive 2003/87/EC for that purpose.	The financial envelope of the Fund should, be commensurate to amounts corresponding to <i>at least</i> 25% of the revenues from the inclusion of buildings and road transport into the scope of Directive 2003/87/EC in the period 2026-2032. Pursuant to Council Decision (EU, Euratom) 2020/2053, Member States should make those revenues available to the Union budget as own resources. Member States are to finance <i>35%</i> of the total costs of their Plan themselves. For this purpose, as well as for investment and measures to accelerate and alleviate the required transition for citizens negatively affected, Member States should use their expected revenues from emissions trading for buildings and road transport under Directive 2003/87/EC for that purpose. <i>Member States shall establish a minimum threshold of 35% of revenues to be allocated to local and regional authorities, to be used for implementing measures to address the social impacts of the inclusion of the building sector</i>

	<p><i>and road transport into the emissions trading system.</i></p> <p><i>Flexibility to allow a higher share of the Fund to be targeted to the most vulnerable regions should be planned.</i></p>
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<i>Reason</i>
The Social Climate Fund envelope can reach its potential only with a higher co-financing, as the proposed one could penalize Member States and regions with a more limited fiscal capacity. LRAs also should be given direct access to funding and resources.

New point

Recital 24

<i>Draft opinion</i>	<i>Amendment</i>
	<p><i>The Social Climate Fund will be endowed with a baseline allocation in the EU budget, which will also benefit from annual reinforcements in alignment with a higher carbon price, by means of an automatic adjustment of the relevant MFF ceilings, in order to further support households and transport users in making the climate transition. It should be an integral part of the EU budget in order to preserve the unity and integrity of the budget, respect the Community method and ensure that there is effective control by the budgetary authority, composed of the Parliament and the Council.</i></p>

<i>Reason</i>
Self-explanatory.

Amendment 13

Recital 25

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
In order to ensure an efficient and coherent allocation of funds and to respect the principle of sound financial management, actions under this Regulation should be consistent with and be complementary to ongoing Union programmes, whilst avoiding double funding <i>from</i> the Fund <i>and</i> other <i>Union</i> programmes for the same expenditure. [...]	In order to ensure an efficient and coherent allocation of funds and to respect the principle of sound financial management, actions under this Regulation should be consistent with, <i>come in addition to</i> and be complementary to ongoing Union, <i>national and, where appropriate, regional</i> programmes, <i>instruments and funds</i> , whilst avoiding double funding <i>and that</i> the Fund <i>substitutes</i> other programmes, <i>instruments and funds</i> , for the same expenditure. [...]

<i>Reason</i>
Self-explanatory.

Amendment 14

Article 1

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>The Social Climate Fund ('the Fund') is established.</p> <p>It shall provide support to Member States for the financing of the measures and investments included in their Social Climate Plans ('the Plans'). The measures and investments supported by the Fund shall benefit households, micro-enterprises and transport users, which are vulnerable and particularly affected by the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC, especially households in energy poverty and citizens without public transport alternative to individual cars (in remote and rural areas).</p> <p>The general objective of the Fund is to contribute to the transition towards climate neutrality by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC.</p> <p>The specific objective of the Fund is to support vulnerable households, vulnerable micro-enterprises and vulnerable transport users 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 of energy from renewable sources, and granting improved access to zero- and low-emission mobility and transport.</p>	<p>The Social Climate Fund ('the Fund') is established.</p> <p>It shall provide support <i>under shared-management</i> to Member States, <i>and regions</i>, for the financing of the measures and investments included in their <i>National or Regional</i> Social Climate Plans ('the Plans') <i>as part of their structural funds</i>.</p> <p>The measures and investments supported by the Fund shall benefit households, micro <i>and small</i> enterprises, transport users, which are vulnerable and particularly affected by the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC, especially households in energy poverty and citizens <i>in</i> transport <i>poverty</i>, <i>including supporting</i> individual <i>motorised mobility</i> in remote and rural areas <i>facing mobility challenges without public transport</i>.</p> <p>The general objective of the Fund is to contribute to the transition towards climate neutrality by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC.</p> <p>The specific objective of the Fund is to support vulnerable households, vulnerable micro- <i>and small enterprises</i> and vulnerable <i>mobility</i> users 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 of energy from renewable sources, and granting improved access to zero- and low-emission <i>sustainable</i> mobility <i>solution</i> and <i>integrated</i> transport <i>services</i>, <i>including sustainable public transport, shared transport, cycling and pedestrian friendly design</i>.</p>

<i>Reason</i>
<p>The focus of the Fund is on vulnerable individuals. Geographical, climate, social and economic considerations that may determine the vulnerability of an individual have a territorial component. Regional factors have a crucial role in defining vulnerability. Drafting Social Climate Plans detailing the concrete measures to address inequalities caused by the green transition, should also be carried out by local and regional authorities, if they so wish.</p> <p>Citizens with a public transport alternative but without enough economic means or experiencing social difficulties should also be included in the target.</p> <p>The Fund should constitute a part of the structural funds.</p>

Amendment 15

Article 2

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>[...]</p> <p>(2) ‘energy poverty’ means energy poverty <i>as defined in point [(49)] of Article 2 of Directive (EU) [yyyy/nnn] of the of the European Parliament and of the Council [50]</i></p> <p>[...]</p> <p>(10) ‘transport users’ means households or micro-enterprises that use various transport and mobility options;</p> <p>(11) ‘vulnerable households’ means households in energy poverty or households, including lower middle-income ones, that are significantly affected by the price impacts of the inclusion of buildings into the scope of Directive 2003/87/EC and lack the means to renovate the building they occupy;</p> <p>(12) ‘vulnerable micro-enterprises’ means micro-enterprises that are significantly affected by the price impacts of the inclusion of buildings into the scope of Directive 2003/87/EC and lack the means to renovate the building they occupy;</p>	<p>[...]</p> <p>(2) ‘energy poverty’ means poverty <i>affecting vulnerable households that have a significant share of energy expenditure to disposable income or limited access to essential and affordable energy services that underpin a decent standard of living and health, including adequate heating, cooling, lighting, and energy to power appliances, due to, inter alia, low quality housing, as well as low-level incomes.</i></p> <p>[...]</p> <p>(9a) ‘small enterprise’ means an enterprise that <i>employs fewer than 50 persons and whose annual turnover and / or annual balance sheet total does not exceed EUR 10 million;</i></p> <p>(10) ‘mobility users’ means households, <i>individuals</i> or <i>micro and small enterprises</i> that use various transport and mobility options;</p> <p>(11) ‘vulnerable households’ means households <i>or individuals in or at risk of energy or mobility poverty</i> or households, including lower middle-income ones, that are significantly affected by the price impacts of the inclusion of buildings <i>and road transport</i> into the scope of Directive 2003/87/EC <i>that are vulnerable of falling into energy poverty, due to a rising energy prices and inefficient energy performance of their households</i> and lack the means <i>or the rights</i> to renovate the building they occupy <i>and may often depend on landlords, which constitutes one of the greatest barriers hindering the development of sustainable renovations of residential buildings in Europe;</i></p>

	<p>(12) 'vulnerable micro <i>and small</i> enterprises' means micro <i>and small</i> enterprises that are significantly affected by the price impacts of the inclusion of buildings <i>and road transport</i> into the scope of Directive 2003/87/EC and lack the means to renovate the building they occupy <i>or to switch to sustainable transport modes</i>;</p> <p>(13a) '<i>mobility poverty</i>' means households or individuals unable to afford the necessary transport required to meet essential services as well as essential cultural and socio-economic needs, in particular quality employment and education and training, in a given context and which can be caused by one or the combination of the following factors: low-level incomes, high fuel expenditures and/or high costs of public transport, availability of mobility alternatives and their accessibility and location, travelled distances and transport practices, particularly in rural, insular, mountainous and remote areas, including peri-urban areas.</p>
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<i>Reason</i>
Inclusion of definitions in order to clarify the beneficiaries.

Amendment 16

Article 3.1

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Each Member State shall submit to the Commission a Social Climate Plan ('the Plan') together with the update to the integrated national energy and climate plan referred to in Article 14(2) of Regulation (EU) 2018/1999 in accordance with the procedure and timeline laid down in that Article. The Plan shall contain a coherent set of measures and investments to address the impact of carbon pricing on vulnerable households, vulnerable micro-enterprises and vulnerable transport users in order to ensure affordable heating, cooling and mobility while accompanying and accelerating necessary measures to meet the climate targets of the Union.	Each Member State shall submit to the Commission <i>as part of the programming documents for the Structural Funds, and based on the principles of partnership and multi-level governance</i> , a Social Climate Plan ('the Plan') together with the update to the integrated national energy and climate plan referred to in Article 14(2) of Regulation (EU) 2018/1999 in accordance with the procedure and timeline laid down in that Article. The Plan shall contain a coherent set of measures and investments to address the impact of carbon pricing on vulnerable households, vulnerable micro- <i>and small</i> enterprises and vulnerable transport users in order to ensure affordable heating, cooling and mobility while accompanying and accelerating necessary measures to meet the climate targets of the Union.

	<i>In setting up their Plans, Member State shall closely cooperate with Regional and Local Authorities that should be involved in the drafting process.</i>
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<i>Reason</i>
A Social Climate Plan should be a part of the Structural Funds and it should be prepared by each Member State, based on the principles of partnership and multi-level governance.

Amendment 17

Article 3.2

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
The Plan may include national measures providing temporary direct income support to <i>vulnerable</i> households and households that <i>are vulnerable transport users to reduce the impact of the increase in the price of fossil fuels resulting from the inclusion of buildings and road transport into the scope of Directive 2003/87/EC.</i>	The Plan may include <i>national and/or subnational</i> measures providing direct support to households and <i>people, provided that they demonstrate that such support is proportional, and is part of a holistic strategy to lift those households and people out of energy and mobility poverty, with special attention to women and people living in remote and less accessible areas, including peri-urban areas, to help reducing immediate energy and mobility costs, by providing facilitated access to green energy efficient solutions and shared and integrated mobility services.</i>

<i>Reason</i>
Self-explanatory.

Amendment 18

Article 3.3

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
The Plan shall include national projects to: (a) finance measures and investments to increase energy efficiency of buildings, to implement energy efficiency improvement measures, to carry out building renovation, and to decarbonise heating and cooling of buildings, including the integration of energy production from renewable energy sources; (b) finance measures and investments to <i>increase</i> the uptake of zero- <i>and low</i> -emission mobility and transport.	The Plan shall include national, <i>regional and local</i> projects to: (a) finance measures and investments to increase energy efficiency of buildings, to implement energy efficiency improvement measures, to carry out building renovation, and to decarbonise heating and cooling of buildings, including the integration of energy production from renewable energy sources <i>and district heating and cooling</i> ;

	<p>(b) <i>provide financial and technical support to renewable energy communities and community-led local development projects in urban, peri-urban and rural areas, including locally owned energy systems, as well as the arrangements for engaging and building capacity at the local level;</i></p> <p>(c) <i>finance measures and investments to ensure access to decent, affordable and sustainable housing, including through the rehabilitation of abandoned buildings;</i></p> <p>(d) <i>finance measures addressing non-monetary barriers to improvements in the energy efficiency in buildings and uptake of renewable energy as well as barriers to accessing sustainable mobility and public transport services, in order to combat energy poverty and mobility poverty, these may include measures addressing administrative barriers and information deficit such as energy consultations and advice services, including at community level;</i></p> <p>(e) <i>finance measures and investments with a lasting impact to accelerate the shift towards zero-emission mobility, prioritising demand-side measures and applying the energy efficiency first principle, starting with measures and investments leading to a modal shift from private to public, shared and active mobility.</i></p>
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<i>Reason</i>
Europe's regions and cities need to have a crucial role in implementing the individual policies and projects under the Fund. Geographical, climate, social and economic considerations that may determine the vulnerability of an individual have a territorial component.

Amendment 19

Article 4.1.b

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(b) concrete accompanying measures needed to accomplish the measures and investments of the Plan and reduce the effects referred to in point (c) as well as information on existing or planned financing of measures and investments from other Union, international, public or private sources;	(b) concrete accompanying measures and reforms that are needed to accomplish the measures and investments of the Plan as well as information on existing or planned financing of measures and investments from other Union, international, public or private sources; including measures aimed at ensuring that building renovations do not result in evictions or indirect evictions

	<i>through rent increases of vulnerable people, while strengthening the protection and safeguards of tenants and promoting the right to decent, affordable and sustainable housing;</i>
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<i>Reason</i>
Self-explanatory.

Amendment 20

Article 4.1.d

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<i>(d) a gender impact assessment and an explanation of how the measures and investments contained in the Plan take into account the objectives to contribute to gender equality and equal opportunities for all and the mainstreaming of those objectives, in line with principles 2 and 3 of the European Pillar of Social Rights, with the UN Sustainable Development Goal 5 and, where relevant, with the national gender equality strategy;</i>

<i>Reason</i>
Self-explanatory

New point

Article 4.1.e

<i>Draft Opinion</i>	<i>Amendment</i>
	<i>d) measures and investments to guarantee the income of small European farmers who are obliged to meet the EU's demanding production standards. Reciprocity or mirror clauses shall be required for imported products;</i>

<i>Reason</i>
High quality and food safety standards must be ensured, regardless of the origin of the products. This will encourage these health, labour and social standards to be taken up by third countries, thus promoting global benefits.

Amendment 21

Article 4.1.i

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
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(i) the arrangements for the effective monitoring and implementation of the Plan by the Member State concerned, in particular of the proposed milestones and targets, including indicators for the implementation of measures and investments, which, where relevant, shall be those available with the Statistical office of the European Union European Statistical Office and the European Energy Poverty Observatory as identified by Commission Recommendation 2020/156354 on energy poverty;	(i) the arrangements for the effective monitoring and implementation of the Plan by the Member State and regional and local authorities concerned, including the involvement of economic and social partners and civil society in the process , in particular of the proposed milestones and targets, including indicators for the implementation of measures and investments, which, where relevant, shall be those available with the Statistical office of the European Union European Statistical Office and the European Energy Poverty Observatory as identified by Commission Recommendation 2020/156354 on energy poverty;
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<i>Reason</i>
Self-explanatory.

Amendment 22

Article 4.1.j

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(j) for the preparation and, where available , for the implementation of the Plan, a summary of the consultation process, conducted in accordance with Article 10 of Regulation (EU) 2018/1999 and with the national legal framework, of local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders, and how the input of the stakeholders is reflected in the Plan;	(j) for the preparation and for the implementation of the Plan, a written opinion of local and regional authorities, and a summary of the consultation process, conducted in accordance with Article 10 of Regulation (EU) 2018/1999 and with the national legal framework, of local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders, outlining how the input of the stakeholders is reflected in the Plan and how the different degree of regions' vulnerability has been taken into account and how the different degree of regions' vulnerability has been taken into account, with particular focus on the situation of regions with natural handicaps that are especially vulnerable, such as island and mountain regions ;

<i>Reason</i>
LRAs know what is best for their own regions and cities because they are aware of the problems and socio-economic circumstances of their local areas. A consultation is not enough to include their point of view into the National Social Climate Plans. LRAs must be able to communicate and express the needs of their citizens and this communication must be considered at national level, highlighting the differences and specificities among regions.

New point

Article 4.1.1

<i>Draft opinion</i>	<i>Amendment</i>
	<i>the proportion of the fund set aside for community-led local climate transition strategies with allocation of minimum 5% of the total envelope</i>

<i>Reason</i>
CLLD has proven itself a tailored tool for local strategic planning in most of the member states, it can also contribute to better coordination and action in rural areas and urban neighbourhoods both.

Amendment 23

Article 4.3

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
When preparing their Plans, Member States may request the Commission to organise an exchange of good practices. Member States may also request technical support under the ELENA facility, established by an Agreement of the Commission with the European Investment Bank in 2009, or under the Technical Support Instrument established by Regulation (EU) 2021/240 of the European Parliament and of the Council.	When preparing their Plans, Member States <i>and local and regional authorities</i> may request the Commission to organise an exchange of good practices. Member States may also request technical support under the ELENA facility, established by an Agreement of the Commission with the European Investment Bank in 2009, or under the Technical Support Instrument established by Regulation (EU) 2021/240 of the European Parliament and of the Council.

<i>Reason</i>
Self-explanatory.

Amendment 24

Article 5.1

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
The Fund shall provide financial support to Member States to fund the measures and investments set out in their Plans.	The Fund shall provide financial support to Member States <i>and regions via shared management and respecting the principles of</i>

	<p>partnership and multi-level governance to fund the measures and investments set out in their Plans.</p> <p>Each Member State should set a minimum threshold of at least 35% of these funds available to be managed directly by the local and regional authorities.</p>
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Reason
<p>The regional component is key for the implementation and success of the SCF. LRAs know best the problems and socio-economic circumstances of the territory, being able to better identify the most vulnerable individuals and sectors, so resources from the fund should also be made available to them. The Fund should be governed via shared management, respecting the principles of partnership and multi-level governance.</p>

Amendment 25

Article 5.2

Text proposed by the European Commission	CoR amendment
<p>Payment of support shall be conditional upon achieving the milestones and targets for measures and investments set out in the Plans. Those milestones and targets shall be compatible with the Unions climate targets and cover in particular:</p> <p>(a) energy efficiency;</p> <p>(b) building renovation;</p> <p>(c) zero- and low-emission mobility and transport;</p> <p>(d) greenhouse gas emissions reductions;</p> <p>(e) reductions in the number of vulnerable households, especially households in energy poverty, of vulnerable micro-enterprises and of vulnerable transport users, including in rural and remote areas.</p>	<p>Payment of support shall be conditional upon achieving the milestones and targets for measures and investments set out in the Plans. Those milestones and targets shall be compatible with the Union's climate targets and cover in particular:</p> <p>(a) energy efficiency;</p> <p>(b) energy refurbishment of buildings;</p> <p>(c) development and use of renewable energy sources including through renewable energy communities;</p> <p>(d) zero - or low-emission mobility (electric, hybrid or hydrogen fuelled), integrated mobility services and public transport;</p> <p>(e) greenhouse gas emissions reductions;</p> <p>(f) reductions in the number of vulnerable households, micro- and small enterprises, mobility users, including in rural and remote areas, disaggregated per gender;</p> <p>(g) adaptation to the adverse effects of climate change for vulnerable households.</p> <p>(h) nature protection, biodiversity targets and nature-based solutions.</p>

<i>Reason</i>
Self-explanatory.

Amendment 26

Article 6.2

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Member States may include the costs of the following measures and investments in the estimated total costs of the Plans, provided they principally benefit vulnerable households, vulnerable micro-enterprises or vulnerable transport users and intend to:	Member States and regions may include the costs of the following measures and investments in the estimated total costs of the Plans, provided they principally benefit vulnerable households, <i>focusing on unbanked citizens and lower-income households, vulnerable micro and small enterprises,</i> or vulnerable <i>mobility</i> users and intend to:

<i>Reason</i>
The regional component is key for the implementation and success of the Social Climate Fund. LRAs know best the problems and socio-economic circumstances of their local areas, being able to better identify the most vulnerable individuals and sectors. Citizens with a very limited amount of resources and not able or willing to open a bank account should also be targeted and supported with the Fund measures.

Amendment 27

Article 6.2.d

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(d) provide access to zero- and low-emission vehicles and bikes, including financial support or fiscal incentives for their purchase as well as for appropriate public and private infrastructure, including for recharging and refuelling; for support concerning low-emission vehicles, a timetable for gradually reducing the support shall be provided;	(d) provide access to zero- and low-emission vehicles and bikes, including financial support or fiscal incentives for their purchase as well as for appropriate public and private infrastructure, including for recharging and refuelling; for support concerning low-emission vehicles, a timetable for gradually reducing the support shall be provided, <i>taking into account that solutions provided should be affordable for vulnerable for households in terms of cost, maintenance and sustainability in time as well, to ensure the effectiveness of the measures;</i>

<i>Reason</i>
The economic support for acquiring an electric vehicle is not the most suitable solution for vulnerable households, because of the high maintenance costs. It must be ensured that the measures are reasonable and pragmatic to tackle the real problems of the vulnerable citizens(the cost of energy bills)

Amendment 28

Article 6.2.e

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(e) grant free access to public transport or adapted tariffs for access to public transport, as well as fostering <i>sustainable</i> mobility on demand and <i>shared</i> mobility services;	grant free access to public transport or adapted tariffs for access to public transport, as well as fostering <i>zero- and low- emission</i> mobility on demand and <i>share</i> mobility services, <i>especially in rural, insular, mountainous, remote and less accessible areas or for less developed regions or territories, including less developed peri-urban areas</i> ;

Reason

Regulation should be technology- neutral from a life-cycle perspective. Considering only direct tail-pipe emissions risks increasing emissions from producing electricity and risks excluding other renewable fuels.

Amendment 29

Article 6.2.g

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<i>(g) support Renewable Energy Community initiatives, including collective generation and self-consumption of renewable energy as a way to address energy poverty.</i>

Reason

The Fund should be based on shared management. It is proposed to delete this point from the EC proposal.

Amendment 30

Article 8

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>Member States may include into the estimated total costs financial support provided to public or private entities other than vulnerable households, vulnerable micro-enterprises and vulnerable transport uses, if those entities carry out measures and investments ultimately benefitting vulnerable households, vulnerable micro-enterprises and vulnerable transport users.</p> <p>Member States shall provide for the necessary statutory and contractual safeguards to ensure that the entire benefit is passed on to the households, micro-enterprises and transport users.</p>	<p>Member States and regions may include into the estimated total costs financial support provided to public or private entities other than vulnerable households, vulnerable micro and small enterprises, and vulnerable mobility users, if those entities carry out measures and investments ultimately benefitting vulnerable households, vulnerable micro and small enterprises, and vulnerable mobility users.</p> <p>Member States shall provide for the necessary statutory and contractual safeguards to ensure that the entire benefit is passed on to the households, micro and small enterprises, and mobility users and that it is financially sustainable on the long term.</p>

<i>Reason</i>
<p>The regional component is key for the implementation and success of the Social Climate Fund. The economic support for acquiring an electric vehicle, are not the most suitable solution for vulnerable households, the real problems are ways of covering the cost of energy bills.</p>

Amendment 31

Article 10.2

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>Member States may entrust the managing authorities of the European Social Fund Plus (ESF+) established by Regulation (EU) 2021/1057 and of the cohesion policy operational programmes under Regulation (EU) 2021/1058 with the implementation of measures and investments [...]</p>	<p>Member States can entrust the managing authorities of the European Social Fund Plus (ESF+) established by Regulation (EU) 2021/1057 and of the cohesion policy operational programmes under Regulation (EU) 2021/1058 with the implementation of the measures and investments [...]</p>

<i>Reason</i>
<p>Self-explanatory.</p>

Amendment 32

Article 11

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
The Fund shall be implemented by the Commission <i>in direct</i> management in accordance with relevant rules adopted pursuant [...]	The Fund shall be implemented by the Commission <i>and Member States under shared</i> management in accordance with <i>the principle of partnership and multi-level governance as laid down in the General Provisions Regulation as well as</i> relevant rules adopted pursuant [...]

<i>Reason</i>
The Fund should be implemented under shared management, in line with the principle of partnership and multi-level governance.

Amendment 33

Article 14.1

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Member States shall contribute at least to 50 percent of the total estimated costs of their Plans.	Member States shall contribute at least to 50 percent of the total estimated costs of their Plans <i>under shared-management.</i>

<i>Reason</i>
Self-explanatory.

Amendment 34

Article 14.2

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Member States shall <i>inter alia</i> use revenues from the auctioning of their allowances in accordance with Chapter IVa of Directive 2003/87/EC for their national contribution to the total estimated costs of their Plans.	Member States shall <i>inter alia</i> use revenues from the auctioning of their allowances in accordance with Chapter IVa of Directive 2003/87/EC for their national contribution to the total estimated costs of their Plans. <i>(a) Member State should set a minimum percentage threshold of at least 20% of their ETS auction revenues to be managed directly by local and regional governments. The revenues managed by local and regional authorities should be exclusively used for climate mitigation and adaptation efforts, especially those supporting the energy transition and addressing the risks on the most vulnerable territories and households. In case the carbon price leads to</i>

	<i>higher revenues than expected, the financial envelope of the Social Climate Fund will be increased accordingly.</i>
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<i>Reason</i>
It is essential that the new Social Climate Fund could also directly support the investments of local and regional governments in renovating and improving local social housing and affordability of local public transport.

Amendment 35

Article 15.1

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
The Commission shall assess the Plan and, where applicable, any amendment to that Plan submitted by a Member State in accordance with Article 17, for compliance with the provisions of this Regulation. When carrying out that assessment, the Commission shall act in close cooperation with the Member State concerned. The Commission may make observations or seek additional information. The Member State concerned shall provide the requested additional information and may revise the Plan if needed, including after the submission of the Plan. The Member State concerned and the Commission may agree to extend the deadline for assessment by a reasonable period if necessary.	The Commission shall assess the Plan and, where applicable, any amendment to that Plan submitted by a Member State in accordance with Article 17, for compliance with the provisions of this Regulation. When carrying out that assessment, the Commission shall act in close cooperation with the Member State concerned. The Commission may make observations or seek additional information. The Member State concerned shall provide the requested additional information and may revise the Plan if needed, including after the submission of the Plan. The Member State concerned and the Commission may agree to extend the deadline for assessment by a reasonable period if necessary. <i>The Regional Social Climate Plans drafted by regions willing to ask for the additional envelope will be assessed by the Member State, to ensure the consistency with the National Social Climate Plan and avoid overlapping measures.</i>

<i>Reason</i>
The regional component is key for the implementation and success of the SCF. Local and regional authorities know best the problems and socio-economic circumstances of the territory, being able to better identify the most vulnerable individuals and sectors.

Amendment 36

Article 15.2

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>The Commission shall assess the relevance, effectiveness, efficiency and coherence of the Plan as follows:</p> <p>(a) For the purpose of assessing relevance, the Commission shall take into account the following criteria:</p> <p>(i) whether the Plan represents a response to the social impact on and challenges faced by vulnerable households, vulnerable micro-enterprises and vulnerable transport users in the Member State concerned from establishing the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/87/EC, especially households in energy poverty, duly taking into account the challenges identified in the assessments of the Commission of the update of the concerned Member State's integrated national energy and climate plan and of its progress pursuant to Article 9(3), and Articles 13 and 29 of Regulation (EU) 2018/1999, as well as in the Commission recommendations to Member States issued pursuant to Article 34 of Regulation (EU) 2018/1999 in view of the long-term objective of climate neutrality in the Union by 2050. This shall take into account the specific challenges and the financial allocation of the Member State concerned;</p> <p>(ii) whether the Plan is expected to ensure that no measure or investment included in the Plan does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852;</p> <p>(iii) whether the Plan contains measures and investments that contribute to the green transition, including to addressing the challenges resulting therefrom and in particular to the achievement of the 2030 climate and energy objectives of the Union and the 2030 milestones of the Mobility Strategy.</p>	<p>The Commission shall assess the relevance, effectiveness, efficiency and coherence of the Plan as follows:</p> <p>(a) For the purpose of assessing relevance, the Commission shall take into account the following criteria:</p> <p>(i) whether the Plan represents a response to the social impact on and challenges faced by vulnerable households, vulnerable micro-enterprises and vulnerable transport users in the Member State concerned from establishing the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/87/EC, especially households in energy poverty, duly taking into account the challenges identified in the assessments of the Commission of the update of the concerned Member State's integrated national energy and climate plan and of its progress pursuant to Article 9(3), and Articles 13 and 29 of Regulation (EU) 2018/1999, as well as in the Commission recommendations to Member States issued pursuant to Article 34 of Regulation (EU) 2018/1999 in view of the long-term objective of climate neutrality in the Union by 2050. This shall take into account the specific challenges and the financial allocation of the Member State concerned;</p> <p>(ii) whether the Plan is expected to ensure that no measure or investment included in the Plan does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852;</p> <p>(iii) whether the Plan contains measures and investments that contribute to the green transition, including to addressing the challenges resulting therefrom and in particular to the achievement of the 2030 climate and energy objectives of the Union and the 2030 milestones of the Mobility Strategy.</p> <p><i>(iv) whether the Plan has been prepared and developed through the meaningful and inclusive participation of all relevant stakeholders;</i></p> <p><i>(v) whether the Plan contains a gender impact analysis and an explanation of how the measures</i></p>

<p>(b) For the purpose of assessing effectiveness, the Commission shall take into account the following criteria:</p> <p>(i) whether the Plan is expected to have a lasting impact on the challenges addressed by that Plan and in particular on vulnerable households, vulnerable micro-enterprises and vulnerable transport users, especially households in energy poverty, in the Member State concerned;</p> <p>(ii) whether the arrangements proposed by the Member State concerned are expected to ensure the effective monitoring and implementation of the Plan, including the envisaged timetable, milestones and targets, and the related indicators;</p> <p>(iii) whether the measures and investments proposed by the Member State concerned are consistent and complying with the requirements under Directive [yyyy/nnn] [Proposal for recast of Directive 2012/27/EU], Directive (EU) 2018/2001, Directive 2014/94/EU of the European Parliament and of the Council⁶⁰, Directive (EU) 2019/1161 of the European Parliament and of the Council and Directive 2010/31/EU;</p> <p>(c) For the purposes of assessing efficiency the Commission shall take into account the following criteria:</p> <p>(i) whether the justification provided by the Member State for the amount of the estimated total costs of the Plan is reasonable, plausible, in line with the principle of cost efficiency and commensurate to the expected national environmental and social impact;</p> <p>(ii) whether the arrangements proposed by the Member State concerned are expected to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under the Fund, including the arrangements that aim to avoid double funding from the Fund and other Union programmes;</p> <p>(iii) whether the milestones and targets proposed by the Member State are efficient in view of the scope, objectives and eligible actions of the Fund;</p> <p>(d) For the purpose of assessing coherence, the Commission shall take into account whether the Plan contains measures and investments that represent coherent actions.</p>	<p><i>and investments contained in the Plan are expected to address the gender dimension of energy poverty and mobility poverty and ensure a gender-balanced impact, while contributing to the mainstreaming of gender equality, in line with the national gender equality strategy, the European Pillar of Social Rights and the UN Sustainable Development Goals;</i></p> <p><i>(vi) whether the plan improves the conditions for adapting to the adverse effects of climate change for households and micro and small enterprises experiencing energy and mobility poverty.</i></p> <p>(b) For the purpose of assessing effectiveness, the Commission shall take into account the following criteria:</p> <p>(i) whether the Plan is expected to have a lasting impact on the challenges addressed by that Plan and in particular on vulnerable households, vulnerable micro-enterprises and vulnerable transport users, especially households in energy poverty, in the Member State concerned;</p> <p>(ii) whether the arrangements proposed by the Member State concerned are expected to ensure the effective monitoring and implementation of the Plan, including the envisaged timetable, milestones and targets, and the related indicators;</p> <p>(iii) whether the measures and investments proposed by the Member State concerned are consistent and complying with the requirements under Directive [yyyy/nnn] [Proposal for recast of Directive 2012/27/EU], Directive (EU) 2018/2001, Directive 2014/94/EU of the European Parliament and of the Council, Directive (EU) 2019/1161 of the European Parliament and of the Council and Directive 2010/31/EU;</p> <p>(c) For the purposes of assessing efficiency the Commission shall take into account the following criteria:</p> <p>(i) whether the justification provided by the Member State for the amount of the estimated total costs of the Plan is reasonable, plausible, in line with the principle of cost efficiency and commensurate to the expected national environmental and social impact;</p> <p>(ii) whether the arrangements proposed by the Member State concerned are expected to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under the Fund, including the arrangements that aim to</p>
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	<p>avoid double funding from the Fund and other Union programmes;</p> <p>(iii) whether the milestones and targets proposed by the Member State are efficient in view of the scope, objectives and eligible actions of the Fund;</p> <p>(d) For the purpose of assessing coherence, the Commission shall take into account whether the Plan contains measures and investments that represent coherent actions.</p>
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<i>Reason</i>
Assessments are key to monitor the evolution, efficiency and effects of the Fund. As stated, the regional component is crucial for taking into account the differences and specificities of all vulnerable citizens and those most affected by the modification of the ETS.

Amendment 37

Article 21

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>The Commission, and the Member States concerned shall, in a manner commensurate to their respective responsibilities, foster synergies and ensure effective coordination between the Fund and other Union programmes and instruments, including InvestEU Programme, the Technical Support Instrument, the Recovery and Resilience Facility, and the Funds covered by Regulation (EU) 2021/1060. For that purpose, they shall:</p> <p>(a) ensure complementarity, synergy, coherence and consistency among different instruments at Union, national and, where appropriate, regional levels, both in the planning phase and during implementation;</p> <p>(b) optimise mechanisms for coordination to avoid duplication of effort; and</p> <p>(c) ensure close cooperation between those responsible for implementation and control at Union, national and, where appropriate, regional levels to achieve the objectives of the Fund.</p>	<p>The Commission, the Member States and <i>the regions</i> concerned shall, in a manner commensurate to their respective responsibilities, foster synergies and ensure effective coordination between the Fund and other Union programmes and instruments, including InvestEU Programme, the Technical Support Instrument, the Recovery and Resilience Facility, and the Funds covered by Regulation (EU) 2021/1060. For that purpose, they shall:</p> <p>(a) ensure complementarity, synergy, coherence and consistency among different instruments at Union, national and, where appropriate, regional <i>and local</i> levels, both in the planning phase and during implementation;</p> <p>(b) optimise mechanisms for coordination to avoid duplication of effort; and</p> <p>(c) ensure close cooperation between those responsible for implementation and control at Union, national and, where appropriate, regional <i>and local</i> levels to achieve the objectives of the Fund.</p>

<i>Reason</i>
Assessments are key to monitor the evolution, efficiency and effects of the Fund. As stated, the regional component is crucial for taking into account the differences and specificities of all vulnerable citizens and those most affected by the modification of the ETS.

Amendment 38

Article 22

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Member States shall make the data referred to in Article 20(2), point (d), (i), (ii) and (iv) of this Regulation publicly available and up to date in a single website in open, machine-readable formats, as set out in Article 5(1) of Directive (EU) 2019/1024 of the European Parliament and of the Council, which shall allow data to be sorted, searched, extracted, compared and reused. The information referred to in Article 20(2), point (d), (i) and (ii) of this Regulation shall not be published in cases referred to in Article 38(3) of Regulation (EU, Euratom) 2018/1046 or if the direct income support paid is less than EUR 15 000	Member States and regions shall make the data referred to in Article 20(2), point (d), (i), (ii) and (iv) of this Regulation publicly available and up to date in a single website in open, machine-readable formats, as set out in Article 5(1) of Directive (EU) 2019/1024 of the European Parliament and of the Council, which shall allow data to be sorted, searched, extracted, compared and reused. The information referred to in Article 20(2), point (d), (i) and (ii) of this Regulation shall not be published in cases referred to in Article 38(3) of Regulation (EU, Euratom) 2018/1046 or if the direct income support paid is less than EUR 15 000

<i>Reason</i>
The regional component is key for the implementation and success of the Social Climate Fund. Local and regional authorities know best the problems and socio-economic circumstances of the territory, being able to better identify the most vulnerable individuals and sectors.

Amendment 39

Article 23.1

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Each Member State concerned shall, on a biennial basis, report to the Commission on the implementation of its Plan as part of its integrated national energy and climate progress report pursuant to Article 17 of Regulation (EU) 2018/1999 and in accordance with Article 28 thereof. The Member States concerned shall include in their progress report: (a) detailed quantitative information on the number of households in energy poverty; (b) when applicable, detailed information on progress towards the national indicative objective to reduce the number of households in energy poverty; (c) detailed information on the results of the measures and investments, included in its Plan;	Each Member State and region concerned shall, on a biennial basis, report to the Commission on the implementation of its Plan as part of its integrated national energy and climate progress report pursuant to Article 17 of Regulation (EU) 2018/1999 and in accordance with Article 28 thereof. The Member States concerned shall include in their progress report: (a) detailed quantitative information on the number of households in energy poverty; (b) when applicable, detailed information on progress towards the national indicative objective to reduce the number of households in energy poverty; (c) detailed information on the results of the measures and investments, included in its Plan;

<p>(d) information reported on greenhouse gas policies and measures and on projections as well as on energy poverty provided under Article 18 and Article 24 of Regulation (EU) 2018/1999;</p> <p>(e) information reported under the long-term buildings renovation strategies pursuant to Directive 2010/31/EU;</p> <p>(f) in 2027, an assessment of the Plan referred to in Article 17(5) in view of the actual direct effects of the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/087/EC;</p> <p>(g) information on changes of its Plan in accordance with Article 17.</p>	<p>(d) information reported on greenhouse gas policies and measures and on projections as well as on energy poverty provided under Article 18 and Article 24 of Regulation (EU) 2018/1999;</p> <p>(e) information reported under the long-term buildings renovation strategies pursuant to Directive 2010/31/EU;</p> <p>(f) in 2027, an assessment of the Plan referred to in Article 17(5) in view of the actual direct effects of the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/087/EC;</p> <p>(g) information on changes of its Plan in accordance with Article 17.</p> <p><i>(h) a periodical revision of the assessment of vulnerability in the territories in regions, particularly territories with permanent natural handicaps that are especially vulnerable, such as island and mountain regions, and monitoring of the actual impact of additional ETS measures at NUTS 2 or NUTS 3 level;</i></p>
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<i>Reason</i>
Assessments are key to monitor the evolution, efficiency and effects of the Fund. As stated, the regional component is crucial for taking into account the differences and specificities of all vulnerable citizens and those most affected by the modification of the ETS.

Proposal for a Council Directive restructuring the Union framework for the taxation of energy products and electricity (recast)
COM (2021) 563 final

Amendment 40
 Recital 28

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Targeted reductions in the tax level may prove necessary to tackle the social impact of energy taxes. An exemption from taxation may temporarily prove necessary to protect vulnerable households.	Targeted reductions in the tax level may prove necessary to tackle the social impact of energy taxes. An exemption from taxation may temporarily prove necessary to protect vulnerable households, <i>vulnerable micro and small enterprises, and vulnerable mobility users, including in rural, mountainous, peripheral or island regions.</i>

<i>Reason</i>
To adapt the wording to the Social Climate Fund proposal, as energy taxation may be used to complement the planned social measures.

Amendment 41

Article 17

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
For the purposes of point (c), energy products and electricity used by households recognised as vulnerable may be exempt <i>for a maximum period of ten years after the entry into force of this Directive</i> . For the purposes of this paragraph, 'vulnerable households' shall mean households significantly affected by the impacts of this Directive which, for the purpose of this Directive, means that they are below the 'at risk of poverty' threshold, defined as 60% of the national median equivalised disposable income.	For the purposes of point (c), energy products and electricity used by households recognised <i>at national or regional level</i> as vulnerable may be exempt. For the purposes of this paragraph, 'vulnerable households' shall mean households significantly affected by the impacts of this Directive which, for the purpose of this Directive, means that they are below the 'at risk of poverty' threshold, defined as 60% of the national median equivalised disposable income <i>and their consumption does not exceed the necessary minimum for decent living conditions applicable for the given region. 'Vulnerable households' also means households in energy poverty or households, including lower middle-income ones, that are significantly affected by the price impacts of the inclusion of buildings and transport into the scope of Directive 2003/87/EC.</i>

<i>Reason</i>
There should not be a maximum period for the exemption if the household is still in a vulnerable situation. The definition of "vulnerable household" is adapted to the one included in the Fund.

Amendment 42

Article 31

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
[...]. The report shall take into account the proper functioning of the internal market, environmental and social considerations, the real value of the minimum levels of taxation and the relevant wider objectives of the Treaties.	[...]. The report shall take into account the proper functioning of the internal market, environmental, <i>regional, local,</i> and social considerations, the real value of the minimum levels of taxation and the relevant wider objectives of the Treaties.

<i>Reason</i>
The regional perspective should be evaluated.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the announcement of the Social Climate Fund as a way to balance the negative effects on the most endangered groups and territories and ensure socially sustainable transition; underlines that climate and energy policies as well as the carbon market must not affect vulnerable households, micro-and -small enterprises, and mobility users, including in rural and remote areas, as we have seen vast growth in the share of those experiencing energy and mobility poverty since Summer 2021 due to sustained soaring of energy prices;
2. stresses that local and regional authorities are very relevant actors in the field of energy and climate, because they know best the characteristics of the territories and the social and economic context in which these policies are implemented, they also have competences on the matter, and they can take the most appropriate approach for enhancing their effectiveness;
3. requests that, when assessing and approving the plans, the main focus be on ensuring that the measures provided for are tailored to the target groups so that the groups specified in the proposal are effectively supported. The resources earmarked under the Social Climate Fund are limited, so special care must be taken to ensure that they support the most vulnerable households, micro-and-small enterprises, mobility users, including in rural and remote areas;
4. holds the opinion that all policies affecting businesses and households should be evidence based, and in this respect the Commission, the Eurostat and LRAs should cooperate in setting up reliable data management and collection structures, with free access to all policy makers and stakeholders;
5. highlights that strategic autonomy is crucial when it comes to Europe's energy supply; underlines that it is not sufficient to phase out our dependence on fossil fuels' supply only from the Russian Federation, but considers the REPowerEU plan a way to accelerate the clean energy transition, to reduce the EU's dependence on imports of energy and raw materials and thus to diminish the political, economic and security risks resulting from these imports. This means that massive investments and concrete measures in accelerating the deployment of renewable energies, boosting energy efficiency, circularity, clean electricity and hydrogen, and research in alternative sustainable fuels are prioritised and coupled together;
6. considers it important for the Member States to have the opportunity to reduce energy and mobility poverty using a wide range of tools. One such tool is the "warm rent" system, whereby the property owner is responsible for ensuring an acceptable indoor temperature and thus has a clear incentive to improve energy efficiency. As it stands, this conflicts with the Commission's interpretation of cost-effectiveness in the Energy Efficiency Directive, which focuses instead on individual metering and charging of heating;
7. asks the Commission to initiate research and consultation with relevant actors in order to clearly define the minimum energy need of a household for a decent standard of living, based on reliable data and time series, bearing in mind regional differences, and at the same time, based on the new concept;

8. welcomes the European Commission Communication on "Tackling rising energy prices: a toolbox for action and support", encouraging the Member States to use the measures defined in the "toolbox"; welcomes the European Commission proposal for a Council Recommendation on ensuring a fair transition towards climate neutrality; calls on national authorities to take these measures into consideration urgently with views of ensuring a just transition leaving no one behind while making the local and regional authorities participants of their implementation and observing the territorial differences;
9. recalls that the Covenant of Mayors for Climate and Energy (CoM) has shown its usefulness in contributing to energy efficiency and climate issues, so the recast of Energy Taxation Directive (ETD) and the new Social Climate Fund (here in after 'new Fund') should take advantage of CoM members' insights and expertise, and fast-track actions included in Sustainable Energy and Action Plans (SEAPs) at local or regional level;
10. welcomes the fact that the EC accompanies the proposal for a revision of the Energy Taxation Directive with a subsidiarity grid, although regrets its absence for the Social Climate Fund proposal. The reasoning provided in relation to the European added value of the proposals and the roll-out of measures deriving from EU competencies in the areas of transport, climate change, environment and internal market, is in compliance with the principles of subsidiarity and proportionality
11. emphasises that there are regions across Europe where district heating and cooling might be a more reliable, more efficient and affordable solution for citizens, so the new Fund should be harmonised with other ESIF in order to deliver sufficient support for the costs of refurbishing apartments and dwellings so that they are able to connect to the new systems;
12. sees that the future of power generation is more decentralised than before and, in this respect, households and businesses ready to engage in photovoltaic or wind energy deployment need more tailored support for decentralised smart networks and to eliminate unnecessary red tape; this also includes dedicated support from the Social Climate Fund for Renewable Energy Communities;
13. notices that there are several ESIF support schemes in the Member States favouring energy efficiency measures targeting households and businesses, so it might be useful to develop clear guidance and design support for most vulnerable households and micro-and-small enterprises facing energy and mobility poverty and for most vulnerable micro-enterprises, in order to eliminate any risk of leaving out those most in need of support;
14. recommends that Member States, regions and municipalities update urban and land use plans, as well as access to construction permit-related practices, in order to lower taxes and costs and avoid red tape for energy efficiency investments of households and businesses;

On the Social Climate Fund proposal

15. welcomes the proposal for a Social Climate Fund as a statement of solidarity and commitment to achieving a just and socially fair transition, as a key tool for supporting the citizens most affected by the transition towards climate neutrality, and as an answer to our call for enhancing the integrity and

operation of the EU Emission Trading Scheme (ETS) while providing support for vulnerable regions and groups;

16. demands that at least a 35% of the financial envelope of the Social Climate Fund should be directly managed by local and regional authorities, since they can provide a more accurate mapping of vulnerabilities and they are responsible for the successful, targeted and efficient implementation of measures defined in the plans that can target and truly address the needs of lower income groups, including those at risk of poverty;
17. regrets that no concrete and specific impact assessment was carried out before putting forward the proposal for the Social Climate Fund. Such an assessment would have allowed an accurate evaluation of distributional impacts of the mechanism, functioning, management and measures of the Fund, focusing on the consequences and benefits for the most vulnerable citizens and at local and regional level, and permitting a better identification of the financially weakest groups, in order to channel appropriately support to those who need it the most;
18. recommends that the CoR, as the body representing local and regional authorities, play a facilitating role in shaping and implementing the Social Climate Plans, providing an additional opportunity to reach the local and regional level beyond the Member States' national frameworks;
19. calls for a recognition of local and regional authorities' role as key contributors to the national Social Climate Plans, given that they are the level of government closest to citizens and they can provide great knowledge and expertise developed on the ground, while ensuring that the drafting of Social Climate Plans does not add an administrative burden to the local and regional authorities; suggests that local and regional authorities should have the possibility to draft Regional Social Climate Plans in line with the ones at national level under the principles of partnership, multilevel governance, subsidiarity and proportionality;
20. mentions that one of the burdens of energy efficient refurbishment of the housing stock is the lack of access to knowledge on energy efficiency and to state-of-the-art solutions already accessible on the market; in order to solve this issue, the CoR suggests financing these measures also from the new Fund;
21. underlines that energy prices and the general purchasing power are very poorly connected, and while using GDP or GNI in PPS as an overall indicator is suitable for general cohesion policy, when it comes to energy consumption, asks the Commission to find an indicator that is as reliable as GDP and GNI, but better reflects the energy consumption related behaviour of households and businesses in Europe and that provides Member States with more flexibility to level discrepancies caused by statistics in allocating EU funds;
22. emphasises that while the aim of the Social Climate Fund is a step in the right direction to deliver a just green transition, further efforts in financial terms should be developed. The Social Climate Fund itself will not be enough to tackle the undesirable social effects and economic shortcomings of the measures to achieve climate neutrality. Demands that the revenues derived from the ETS II should in part be allocated to the Social Climate Fund and to measures directed to ensure that no one suffers disadvantages from achieving climate neutrality; suggests that in case the carbon price leads to higher

revenues than expected, the financial envelope of the Social Climate Fund will be increased accordingly. The CoR advocates that more forms of economic support should be deployed which can take into account the specificities of territories, populations, sectors, cities and regions. While willing to support the most vulnerable individuals, special attention will have to be paid to the appropriateness of the measures and support to homeless, women, citizens without resources, youth and financially weaker entities;

23. asks the European Parliament and the Council not to promote any type of individual motorised mobility from the new Fund, and to support sustainable zero- or low- emission sustainable mobility solutions (electric, hybrid or hydrogen fuelled) and integrated mobility services instead;

On the Energy Tax Directive revision

24. welcomes the proposal for a Directive aimed to align energy tax with actual energy content and environmental performance, thereby providing incentives for reducing CO₂ emissions and contributing to the achievement of the new EU climate targets. As it stands, the Directive does not meet this aim, as the European Court of Auditors¹ also pointed out;
25. regrets the lack of a specific subsidiarity grid for the Social Climate Fund proposal, while welcomes the fact that the legislative proposal is based on the Articles 91(1)(d), 192(1) and 194(1)(c) of the Treaty on the Functioning of the European Union ('TFEU'), referred to transport, climate change and energy-centred and considers that the proposal clearly outlines its European added value and is in compliance with the principles of subsidiarity and proportionality.
26. welcomes the inclusion of the possibility for Member States to assist vulnerable groups and protect households against energy poverty, countering the possible negative effects of the tax;
27. welcomes the revision of the Energy Taxation Directive so that its content is adjusted and adapted to the need for increased climate action and environmental protection, while being able to support the development and expansion of renewable energy, and preserve the correct functioning of the internal market, aligning taxation of energy products and electricity with EU energy and climate policies;
28. suggests analysing territorial patterns for Member States at regional level in order to allow regional or even local exemptions or reduced levels or other compensation in special circumstances such as poverty risk for the most affected households and businesses;
29. points out that there are regions in Europe where firewood is used for heating and cooking as a clear sign of energy poverty; in such circumstances the recast of the ETD and the ETS2 will both affect these consumers and therefore recommends establishment of additional programmes to support the fuel switch from firewood to clean renewable and efficient energy sources.

The President
of the European Committee of the Regions

¹ European Court of Auditors Review 01/2022: Energy taxation, carbon pricing and energy subsidies

Apostolos Tzitzikostas

The Secretary-General
of the European Committee of the Regions

Petr Blížkovský

III. PROCEDURE

Title	Proposal for a Regulation of the European Parliament and of the Council establishing a Social Climate Fund Proposal for a Council Directive restructuring the Union framework for the taxation of energy products and electricity (recast)
Reference(s)	COM(2021) 568 final COM(2021) 563 final
Legal basis	Article 307(1)
Procedural basis	Rule 41(a) of the Rules of Procedure
Date of Council/EP referral/Date of Commission letter	14 July 2021
Date of President's decision	25 August 2021
Commission responsible	Commission for the Environment, Climate Change and Energy (ENVE)
Rapporteur	Csaba Borboly (RO/EPP), President of Harghita County Council, Romania
Analysis	18 October 2021
Discussed in commission	10-11 March 2022
Date adopted by commission	10 March 2022
Result of the vote in commission (majority/unanimity)	Majority
Date adopted in plenary	27 April 2022
Previous Committee opinions	
Date of Subsidiarity Monitoring Consultation	
