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CONTRIBUTION

From:	General Secretariat of the Council
To:	Ad hoc Working Party on the Social Climate Fund
Subject:	Fit for 55 package - Social Climate Fund: follow-up to the AHWP SCF on 10 June 2022 - Comments by delegations

In follow-up to the call for comments (ST 9321/2022) on the Presidency compromise text delegations will find below comments received from the AT and NL delegations.

WK 8579/2022 INIT

LIMITE

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AUSTRIA

Social Climate Fund Presidency compromise¹

CHAPTER I

GENERAL PROVISIONS

Article 1

Subject matter, scope and objectives

The Social Climate Fund ('the Fund') is established [until 2032].

It shall provide financial 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~~ with limited or inadequate public transport alternative to individual cars ~~(in remote and rural areas)~~.

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. 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 and storage in buildings of energy from renewable sources, and granting improved access to zero- and low-emission mobility and transport.

¹ Article 322(1) TFEU needs to be added as additional legal basis to cater for a derogation from Article 22(2) of title II of the Financial Regulation, required by the use of external assigned revenues for this fund.

Article 2

Definitions

For the purposes of this Regulation, the following definitions apply:

- (1) ‘building renovation’ means all kinds of energy-related building renovation, including the insulation of the building envelope, that is to say walls, roof, floor, the replacement of windows, the replacement of heating, cooling and cooking appliances, **ventilation** and the installation of on-site production of energy from renewable sources;
- (2) ‘energy poverty’ means energy poverty as defined in point [(49)] of Article 2 of Directive (EU) [yyyy/nnn] of the of the European Parliament and of the Council²;
- (3) ‘estimated total costs of the Plan’ means estimated total costs of the measures and investments included in the ~~submitted~~ Plan;
- (4) ‘financial allocation’ means non-repayable financial support under the Fund that is available for allocation or that has been allocated to a Member State;
- (5) ‘household’ means ~~private household as defined in Article 2, point (15) of Regulation (EU) 2019/1700 of the European Parliament and of the Council~~³ **a person living alone or a group of persons who live together, providing oneself or themselves with the essentials of living**;
- (6) ‘milestone’ means a qualitative achievement used to measure progress towards the achievement of a measure or investment;
- (7) ‘target’ means a quantitative achievement used to measure progress towards the achievement of a measure or investment;

²——— [Directive (EU) [yyyy/nnn] of the of the European Parliament and of the Council (OJ C [...], [...], p. [...]).] [Proposal for recast of Directive 2012/27/EU on energy efficiency]

³——— ~~Regulation (EU) 2019/1700 of the European Parliament and of the Council of 10 October 2019 establishing a common framework for European statistics relating to persons and households, based on data at individual level collected from samples, amending Regulations (EC) No 808/2004, (EC) No 452/2008 and (EC) No 1338/2008 of the European Parliament and of the Council, and repealing Regulation (EC) No 1177/2003 of the European Parliament and of the Council and Council Regulation (EC) No 577/980 (OJ L 261I, 14.10.2019, p. 1).~~

- (8) ‘energy from renewable sources’ means energy from renewable non-fossil sources as defined in Article 2, second subparagraph, point (1) of Directive (EU) 2018/2001 of the European Parliament and of the Council⁴;
- (9) ‘micro-enterprise’ means an enterprise that employs fewer than 10 persons and whose annual turnover or annual balance sheet does not exceed EUR 2 million, calculated in accordance with Articles 3 to 6 of Annex I to Commission Regulation (EU) No 651/2014⁵;
- (10) ‘transport users’ means households or micro-enterprises that use various transport and mobility options;
- (11) ‘vulnerable households’ means households in energy poverty ~~or households~~, including lower middle-income ones, **single parents, NEETs, persons with disabilities**, 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;
- (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;
- (13) ‘vulnerable transport users’ means transport users, including from lower middle-income households; that are significantly affected by the price impacts of the inclusion of road transport into the scope of Directive 2003/87/EC and lack the means to purchase zero- and low-emission vehicles or to switch to alternative sustainable modes of transport, including public transport, ~~particularly in rural and remote areas.~~
- (13a) ‘technical building system’ means technical equipment for space heating, space cooling, ventilation, domestic hot water, building automation and control, on-site renewable energy generation and storage, or a combination thereof, including those systems using energy from renewable sources, of a building or building unit.**

⁴——— Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

⁵——— Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty ~~Text with EEA relevance~~ (OJ L 187, 26.6.2014, p. 1).

CHAPTER II
SOCIAL CLIMATE PLANS

Article 3

Social Climate Plans

1. Each ~~Each~~ **A** Member State **wishing to receive a financial allocation in accordance with Article 13**, shall submit to the Commission a Social Climate Plan ('the Plan') ~~together with the update to the~~ **as part of its updated** 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 **existing or new national** 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.
2. The Plan may include national measures providing temporary direct income support to vulnerable households and households that 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.
3. The Plan shall include national ~~projects~~ **measures and investments** to:
 - (a) ~~finance measures and investments to~~ increase energy efficiency of buildings, to implement energy efficiency improvement measures **including related to technical building systems**, 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~~ increase the uptake of zero- and low-emission mobility and transport.

3a. Where a Member State already has in place a national emission trading system for buildings and road transport or carbon tax, the national measures already in place to mitigate the social impact and challenges may be included in the Plan provided that they comply with this Regulation.

Content of Social Climate Plans

1. The Social Climate Plans shall set out ~~in particular~~ the following elements:

- (a) concrete measures and investments in accordance with Article 3 to reduce the effects referred to in point (c) of this paragraph together with an explanation of how they would contribute effectively to the achievement of the objectives set out in Article 1 within the overall setting of a Member State's relevant policies;
- (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,~~ **if deemed necessary by the Member State for the implementation of the Plan;**
- (ba)** information on existing or planned financing of measures and investments from other Union, international, public or, **where relevant,** private sources **which contribute to the measures and investments set out in the Plan;**
- (c) an estimate of the likely effects of ~~that~~ **the** increase in prices **resulting from the inclusion of buildings and road transport into the scope of Directive 2003/87/EC** on households, and in particular on incidence of energy poverty, on micro-enterprises and on transport users, comprising in particular an estimate and the identification of vulnerable households, vulnerable micro-enterprises and vulnerable transport users; these ~~impacts~~ **effects** are to be analysed ~~with a sufficient~~ **at the appropriate territorial** level of ~~regional disaggregation~~ **as defined by each Member State,** taking into account elements such as access to public transport and basic services and identifying the areas mostly affected, ~~particularly territories which are remote and rural;~~
- (d) where the Plan provides for measures referred to in Article 3(2), the criteria for the identification of eligible final recipients, the indication of the envisaged time limit for the measures in question and their justification on the basis of a quantitative estimate and a qualitative explanation of how the measures in the Plan are expected to reduce energy and transport poverty and the vulnerability

of households, ~~micro-enterprises and~~ **households that are** transport users to an increase of road transport and heating fuel prices;

- (e) envisaged milestones, targets and an indicative timetable for the implementation of the measures and investments to be completed by 31 July ~~[2032];~~;
- (f) the estimated total costs of the Plan **without VAT** accompanied by appropriate cost-justification and explanations of how ~~it is~~ **they are** in line with the principle of cost efficiency and commensurate to the expected impact of the Plan;
- (g) the envisaged national contribution to the total estimated costs, calculated in accordance with Article 14;
- (h) an explanation of how the Plan ensures that no investment ~~or~~ **nor** measure, included in the Plan does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852; the Commission shall provide technical guidance to the Member States targeted to the scope of the Fund to that effect; ~~no explanation is required for the measures referred to in Article 3(2);~~
- (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 2020/1563⁶ on energy poverty~~ **the relevant common indicators from Annex (X) or, if none of them is relevant for a specific measure or investment, individual indicators proposed by the Member State;**
- (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

⁶ OJ L 357, 27.10.2020, p. 35.

organisations and other relevant stakeholders, and how **their** the input of the stakeholders is reflected in the Plan;

- (k) an explanation of the Member State's system to prevent, detect and correct corruption, fraud and conflicts of interests, when using the funds **financial allocations** provided under the Fund, and the arrangements that aim to avoid double funding from the Fund and other Union programmes.

(1a) The Plan may include technical assistance actions necessary for the effective administration and implementation of the measures and investments set out in the Plan.

2. The Plans shall be consistent with the information included and the commitments made by the Member States under the European Pillar of Social Rights Action Plan and the European Social Fund Plus (ESF+) established by Regulation (EU) 2021/1057, under their cohesion policy operational programmes under Regulation (EU) 2021/1058⁷, under their Recovery and Resilience Plans in accordance with Regulation (EU) 2021/241 of the European Parliament and of the Council⁸, under their long-term buildings renovation strategies pursuant to Directive 2010/31/EU and under their updated integrated national energy and climate plans under Regulation (EU) 2018/1999. They shall also be complementary to the ~~Just Transition Plans~~ **territorial just transition plans** pursuant to Regulation (EU) 2021/1056 of the European Parliament and of the Council⁹.
3. 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 Council¹⁰.

⁷——— Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (OJ L 231, 30.6.2021, p. 60).

⁸——— Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17).

⁹——— 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).

¹⁰——— Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument (OJ L 57, 18.2.2021, p. 1).

- (3a) To assist Member States in providing the information referred in article 4(1)(c), the Commission shall provide a harmonised value to be considered for the carbon price resulting from the inclusion of greenhouse gas emissions from buildings and road transport within the scope of Directive 2003/87/EC.**
- (3b) The Plans shall be prepared in accordance with the template set out in Annex XX.**

CHAPTER III

SUPPORT FROM THE FUND FOR SOCIAL CLIMATE PLANS

Article 5

Principles governing the Fund and eligibility

1. The Fund shall provide financial support to Member States to fund the measures and investments set out in their Plans.
2. 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~~, **and the objectives of the Regulation EU 2021/1119, and shall** cover in particular:
 - (a) energy efficiency;
 - (b) building renovation;
 - (c) zero- and low-emission mobility and transport;
 - (d) greenhouse gas emissions reductions;
 - (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.~~
3. The Fund shall only support measures and investments respecting the principle of 'do no significant harm' referred to in Article 17 of Regulation (EU) 2020/852.

~~Measures~~ **Eligible measures and investments to be included in the estimated total costs of the Social Climate Plans**

1. ~~Member States may include the costs of measures providing temporary direct income support to vulnerable households and vulnerable households that are transport users to absorb the increase in road transport and heating fuel prices. Such support shall decrease over time and be limited to the direct impact of the emission trading for buildings and road transport. Eligibility for such direct income support shall cease within the time limits identified under Article 4(1) point (d).~~
2. ~~Member States may include the costs of~~, **among others**, the following measures and investments in the ~~estimated total costs of the Plans~~, provided they principally ~~benefit~~ **target** vulnerable households, vulnerable micro-enterprises or vulnerable transport users and intend to:
 - (a) support building renovations, especially for those occupying worst-performing buildings, ~~including in the form of financial support or fiscal incentives such as deductibility of renovation costs from the rent, independently of the ownership of the buildings concerned;~~
 - (b) contribute to the decarbonisation, including the electrification, of heating and cooling of, and cooking in, buildings, and the integration of energy from renewable sources that contribute to the achievements of energy savings **or to reducing energy poverty**;
 - (c) support public and private entities in developing and providing affordable energy efficiency ~~renovation~~ solutions and appropriate funding instruments in line with the social goals of the Fund;
 - (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
 - (e) grant free access to public transport or adapted tariffs for access to public transport, as well as fostering sustainable mobility on demand and shared mobility services;

- (f) support public and private entities in developing and providing affordable zero- and low-emission mobility, and transport services and the uptake of attractive active mobility options for rural, insular, mountainous, remote and less accessible in geographical areas or for less developed regions or territories, including less developed peri-urban areas identified in the Plan;

1a. Member States may include national measures providing temporary direct income support to vulnerable households and households that are vulnerable transport users to absorb the increase in road transport and heating energy prices. Such measures shall decrease over time and shall be limited to the direct impact of the emission trading for buildings and road transport. Any such support must not be the single highest share of the estimated cost of the plan.

Measures referred to in the first sub-paragraph may not receive direct support from the Fund. Instead, for an amount corresponding to the national costs of temporary direct income support included in the Plan, up to a ceiling of [10] percent of the total estimated costs of the Plan, the national contribution, as referred to in Article 14(1), shall be set to [0] percent.

1b. Member States may include technical assistance to cover expenses related to training, programming, monitoring, control, audit and evaluation activities which are required for the management of the Fund and the achievement of its objectives, for example studies, IT expenses, consultation of stakeholders, information and communication actions. This shall be up to [2.5%] of the estimated total cost of the plan as referred to in Article 4 (1b) (f).

Article 7

Exclusions from the ~~estimated total costs~~ scope of Social Climate Plans

1. The Fund shall not support, and the ~~estimated total costs~~ of Plans shall not include measures in the form of direct income support pursuant to Article 3(2) of this Regulation for households already benefiting:

- (a) from public intervention in the price level of the fuels covered by Chapter IVa of Directive 2003/87/EC;
- (b) from public interventions in the price setting for the supply of gas in accordance with Article 3(3) of Directive 2009/73/EC;

2. ~~Where~~ **However, where** it is proven by the Member State concerned in its Plan that the public interventions referred to in paragraph 1 do not fully off-set the price increase resulting from the inclusion of the sectors of buildings and road transport into the scope of Directive 2003/87/EC, direct income support may be included in ~~the~~ **supported**.

1a. ~~The~~ estimated total costs ~~in the limits of the price increase~~ **Plans shall** not fully off-set. **include VAT.**

Article 8

Pass-on of benefits to households, micro-enterprises and transport users

Member States may include ~~into~~ **in** the estimated total costs financial **Plans** support provided to public or private entities other than vulnerable households, vulnerable micro-enterprises and vulnerable transport ~~uses~~ **users**, if those entities carry out measures and investments ultimately **and fully benefitting** vulnerable households, vulnerable micro-enterprises and vulnerable transport users.

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.

[Article 9

Budget

1. ~~The financial envelope~~ **Resources from the Emissions Trading System** for the implementation **Buildings and Road Transport**

1. A maximum of the Fund EUR [59 000 000 000] for the period [2025-2027 shall be EUR 23 700 000 000 to 2032] in current prices shall be made available, in accordance with Article 30d (4a) of Directive 2003/87/EC, for implementation under this Regulation to finance the measures and investments of the Social Climate Plans. That amount shall be made available in the form of external assigned revenue within the meaning of Article 21(5) of the Financial Regulation. Funds should be made available to this instrument should it be extended and own resources be introduced that have a similar effect to that of the ETS extension. Funds not committed, shall be returned to MS based on their contribution key.
2. ~~The financial envelope for the implementation of the Fund for the period 2028-2032 shall be EUR 48 500 000 000 in current prices, subject to the availability of the amounts under the annual ceilings of the applicable multiannual financial framework referred to in Article 312 TFEU.~~
3. ~~The amounts~~ 1a. Commitment appropriations covering the amount referred to in paragraph 1 shall be made available automatically up to the respective amount referred to in paragraph 1 as of the date of the operation of the Fund.

The assigned revenues referred to in paragraphs ~~paragraphs~~ paragraph 1 ~~and 2~~ may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities which are required for the management of the Fund and the achievement of its objectives, in particular studies, meetings of experts, consultation of stakeholders, information and communication actions, including inclusive outreach actions, and corporate communication of the political priorities of the Union, insofar as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, corporate information technology tools, and all other technical and administrative assistance expenses incurred by the Commission for the management of the Fund. Expenses may also cover the costs of other supporting activities such as quality control and monitoring of projects on the ground and the costs of peer counselling and experts for the assessment and implementation of the eligible actions. In relation to the audit and control functions, this funding may also cover the temporary needs of the European Court of Auditors. The amounts available should not be higher than the smallest member state allocation.]

Article 10

Resources from shared management programmes and use of resources

1. Resources allocated to Member States under shared management may, at their request, be transferred to the Fund subject to the conditions set out in the relevant provisions of Regulation (EU) 2021/1060. The Commission shall implement those resources directly in accordance with Article 62(1), first subparagraph, point (a) of Regulation (EU, Euratom) 2018/1046. Those resources shall be used exclusively for the benefit of the Member State concerned.
2. 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) 2021/4058~~1060~~ with the implementation of measures and investments benefitting from this Fund, where applicable in view of the synergies with those Union funds and in conformity with the objectives of the Fund. Member States shall state their intention to entrust those authorities in their Plans. **In such a case, the existing management and control mechanisms put in place by the Member States, as approved by the Commission, shall be deemed to comply with the requirements of this Regulation.**
3. Member States may include in their Plan, as part of the estimated total costs, the payments for additional technical support pursuant to Article 7 of Regulation (EU) 2021/240 and the amount of the cash contribution for the purpose of the Member State compartment pursuant to the relevant provisions of Regulation (EU) 2021/523. Those costs shall not exceed 4 % of the financial total allocation for the Plan, and the relevant measures, as set out in the Plan, shall comply with this Regulation.

Article 11

Implementation

The Fund shall be implemented by the Commission in direct management in accordance with the relevant rules adopted pursuant to Article 322 TFEU, in particular Regulation (EU,

Euratom) 2018/1046 and Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council¹¹.

Article 12

Additionality and complementary funding

1. Support under the Fund shall be additional to the support provided under other Union funds, programmes and instruments. Measures and investments supported under the Fund may receive support from other Union funds, programmes and instruments provided that such support does not cover the same cost.
2. Support from the Fund shall be additional and shall not substitute recurring national budgetary expenditure.

2a. For technical assistance to Member States, administrative costs directly linked to the implementation of the Plan shall not be considered as recurring national budgetary expenditure if of a temporary nature.

[Article 13

Maximum financial allocation

1. The maximum financial allocation shall be calculated for each Member State as specified in [Annex I and Annex II-].
2. Each Member State may submit a request up to its maximum financial allocation to implement its Plan.]

[Article 14

National contribution to the total estimated costs

¹¹——— Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433I, 22.12.2020, p. 1).

1. Member States shall contribute at least to 50 percent of the total estimated costs of their Plans, **without prejudice to Article 6(1a)**.

For the share of direct income support, this will be wholly covered by the MS. The MS is encouraged to utilize ETS revenue for this purpose. An equal amount to that to be implemented for direct income support by the MS, can be used without a MS contribution for the purpose of investments included in the plan.

2. Member States shall *inter alia* use revenues from the auctioning of their allowances **referred to** in accordance with ~~Chapter IVa~~ **Article 30d(5)** of Directive 2003/87/EC for their national contribution to the total estimated costs of their Plans.

3. **In case revenues corresponding to the share of assigned revenues to this Fund in accordance with Article 30d 4a of Directive 2003/87/EC are lower than the maximum financial allocations referred to in Article 13 (1), Member States shall adjust their national contributions accordingly up to the total estimated costs of the plans, without prejudice to the possibility to amend their plans in accordance with Article 17(5b). Such an amendment may be considered a minor adjustment.]**

Article 15

Commission assessment

1. 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: **within two months of the submission of the Plan by the Member State.** 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.
2. The Commission shall assess the relevance, effectiveness, efficiency and coherence of the Plan **taking into account the specific challenges and the financial allocation of the Member State concerned,** as follows:
 - (a) For the purpose of assessing relevance, the Commission shall take into account the following criteria:

- (i) whether the Plan ~~represents a response~~ **contributes** to **address** 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;~~ ;
- (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;
- (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- **in view of the long-term objective of climate neutrality in the Union by 2050.**
- (b) For the purpose of assessing effectiveness, the Commission shall take into account the following criteria :
- (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;
- (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;

(iii) whether the measures and investments proposed by the Member State concerned are consistent and complying with the requirements under Directive (EU) [yyyy/nnn] [Proposal for recast of Directive 2012/27/EU], Directive (EU) 2018/2001, **Regulation of the European Parliament and of the Council [yyyy/nnn] of dd/mm/yyyy [Regulation on the deployment of alternative fuels infrastructure, and repealing** Directive 2014/94/EU of the European Parliament and of the Council¹², Directive (EU) 2019/1161 of the European Parliament and of the Council and Directive 2010/31/EU;

(c) For the purposes of assessing efficiency the Commission shall take into account the following criteria:

(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;

(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 ~~fund's~~ **financial allocation** provided under the Fund, including the arrangements that aim to avoid double funding from the Fund and ~~other~~ Union programmes;

(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;

~~(d) For the purpose of assessing coherence, the~~ **The** Commission shall take into account whether the Plan contains measures and investments that represent coherent actions.

¹² ——— **[Regulation (EU) yyyy/nnn of the European Parliament and of the Council.... (OJ).]**
[Proposal for Regulation on the deployment of alternative fuels infrastructure, and repealing
Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of
alternative fuels infrastructure (OJ L 307, 28.10.2014, p. 1).]

Article 16

Commission decision

1. On the basis of the assessment **carried out** in accordance with Article 15, the Commission shall ~~decide on the Plan of a Member State~~, by means of an implementing act, ~~within six~~ **no later than five** months from the date of the submission of that Plan pursuant to Article 3(1) of this Regulation, **decide whether to give a positive or negative assessment of the Plan. The implementing act shall be adopted in accordance with the examination procedure referred to in Article 25a(2). A report on the assessment provided for in article 15 will be provided in this procedure. The MS will be given sufficient time to analyze this.**

Where the Commission gives a positive assessment, ~~that decision~~ **of a Plan, the implementing act referred to it in the first subparagraph** shall set out:

- (a) the measures and investments to be implemented by the Member State, the amount of the estimated total costs of the Plan and the milestones and targets;
- (b) the ~~Union~~ **maximum** financial allocation allocated in accordance with Article 13(1) of this Regulation to be paid in instalments, **in accordance with Article 19**, once the Member State has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the Plan [~~which shall be subject, for the period 2028-2032, to the availability of the amounts referred to in Article 9(2) of this Regulation under the annual ceilings of the multiannual financial framework referred to in Article 312 TFEU~~];
- (c) the national contribution **in accordance with Article 14**;
- (d) the arrangements and timetable for monitoring and implementation including, where relevant, measures necessary for complying with Article 20 of this Regulation;
- (e) the relevant indicators relating to the fulfilment of the envisaged milestones and targets; **and**
- (f) the arrangements for providing ~~full~~ **adequate** access by the Commission to the underlying relevant data.

2. The **maximum** financial allocation referred to in paragraph 1, point (b) shall be determined on the basis of the estimated total costs of the Plan proposed by the Member State concerned, as assessed under the criteria set out in Article 15(2).

The amount of the **maximum** financial allocation shall be set as follows:

- (a) where the Plan complies satisfactorily with the criteria set out in Article 15(2), and the amount of the estimated total costs of the ~~package~~**Plan** minus the national contribution is equal to, or higher than, the maximum financial allocation for that Member State referred to in Article 13(1), the financial allocation allocated to the Member State concerned shall be equal to the total amount of the maximum financial allocation referred to in Article ~~9~~**13 (1)**, **subject to availability of funding**;
- (b) where the Plan complies satisfactorily with the criteria set out in Article 15(2), and the amount of the estimated total costs of the ~~package~~**Plan** minus the national contribution is lower than the maximum financial allocation for that Member State referred to in Article 13(1), the financial allocation allocated to the Member State shall be equal to the amount of the estimated total costs of the ~~package~~**Plan** minus the national contribution, **subject to availability of funding**;
- (c) where the Plan complies satisfactorily with the criteria set out in Article 15(2), but the assessment establishes weaknesses in the control systems, the Commission may require ~~additional milestones and targets to be achieved~~**the Member State to take steps to address these weaknesses** before the first payment;
- (d) where the Plan does not comply satisfactorily with the criteria set out in Article 15(2), no financial allocation shall be allocated to the Member State concerned.

3. Where the Commission gives a negative assessment to a Plan, the decision referred to in paragraph 1 shall include the reasons for that negative assessment. The Member State concerned shall resubmit the Plan, after taking into account the assessment of the Commission.

Amendment of Social Climate Plans

1. Where a Social Climate Plan, including relevant milestones and targets, is no longer achievable **or needs to be significantly adjusted**, either in whole or in part, by the Member State concerned because of objective circumstances, in particular because of the actual direct effects of the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/87/EC, the Member State concerned may submit to the Commission an amendment of its Plan to include the necessary and duly justified changes. Member States may request technical support for the preparation of such request.
 2. The Commission shall assess the amended Plan in accordance with Article 15.
 3. Where the Commission gives a positive assessment to the amended Plan, it shall ~~in accordance with Article 16(1)~~ adopt, within three months of the official submission of the amended Plan by the Member State, a decision setting out the reasons for its positive assessment, by means of an implementing act.
 4. Where the Commission gives a negative assessment to the amended Plan, it shall reject the request within the period referred to in paragraph 3, after having given the Member State concerned the possibility to present its observations within three months of the communication of the Commission's assessment.
 5. By 15 March 2027 each Member State concerned shall assess the appropriateness of its Plans in view of the actual direct effects of the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/87/EC. Those assessments shall be submitted to the Commission as part of the biennial progress reporting pursuant to Article 17 of Regulation (EU) 2018/1999.
- 5a. In case of minor adjustments to the Social Climate Plan, a Member State shall simply notify the minor adjustments to the Commission. The Commission may request a procedure as outlined in this article, if the amendment is not deemed minor. An increase or decrease of less than 5% of a target foreseen in the Plan shall always be considered a minor adjustment.**
- 5b. After the actual amount of assigned revenues received in accordance with Article 30d of Directive 2003/87/EC are made available to the Fund, a Member**

State may update and submit its Social Climate Plan to take into account the possible reduction of its maximum financial allocation calculated in accordance with Article 13(1). Paragraphs 2 to 5 shall apply.

Article 18

Commitment of the financial allocation

1. After the Commission has adopted a **positive** decision as referred to in Article 16, it shall in due time conclude an agreement with the Member State concerned constituting an individual legal commitment within the meaning of Regulation (EU, Euratom) 2018/1046 covering the period ~~2025–[2027–~~**2032]**, **subject to the availability of funding.** That agreement may be concluded at the earliest ~~one year~~**12 months** before the ~~year of the~~ start of the auctions under Chapter IVa of Directive 2003/87/EC. **For each Member State, the legal commitment shall not exceed the maximum financial allocation referred to in Article 13(1).**
- ~~2.~~ The individual legal commitment covering the period ~~2028–2032~~ shall be concluded subject to the availability of the amounts referred to in Article 9(2) of this Regulation under the annual ceilings of the multiannual financial framework referred to in Article 312 TFEU.]
3. Budgetary commitments may be based on global commitments and, where appropriate, may be broken down into annual instalments spread over several years.

Article 19

Rules on payments, suspension and termination of agreements regarding financial allocations

1. Payments of financial allocations to the Member State concerned under this Article shall be made upon completion of the relevant agreed milestones and targets indicated in the Plan as approved in accordance with Article 16 and subject to available funding. Upon such completion, the Member State concerned shall submit to the Commission a duly justified request for payment of the financial allocation.

Such requests for payment shall be submitted by the Member States to the Commission once or twice a year by 31 July.

2. The Commission shall assess without undue delay **all the received requests**, and at the latest within two months of receiving the **last** request, whether the relevant milestones and targets set out in the Commission decisions referred to in Article 16 have been satisfactorily fulfilled. The satisfactory fulfilment of milestones and targets shall presuppose that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed by the Member State concerned. ~~The Commission may be assisted by experts.~~
3. Where the Commission makes a positive assessment it shall adopt without undue delay a **the individual** decisions authorising the disbursement of the financial allocation in accordance with Regulation (EU, Euratom) 2018/1046, **subject to the availability of funding and ensuring the equitable treatment of the Member States**.
4. Where, as a result of the assessment referred to in paragraph 3, the Commission establishes that the milestones and targets set out in the Commission decision referred to in Article 16 have not been satisfactorily fulfilled, the payment of all or part of the financial allocation shall be suspended. The Member State concerned may present its observations within one month of the communication of the Commission's assessment.

The suspension shall only be lifted where the milestones and targets have been satisfactorily fulfilled as set out in the Commission decision referred to in Article 16.

5. By way of derogation from Article 116(2) of Regulation (EU, Euratom) 2018/1046, the payment deadline shall start running from the date of the communication of the decision authorising the disbursement to the Member State concerned pursuant to paragraph 3 of this Article, or from the date of the communication of the lifting of a suspension pursuant to the second subparagraph of paragraph 4 of this Article.
6. Where the milestones and targets have not been satisfactorily fulfilled within a period of six months from the suspension, the Commission shall reduce the amount of the financial allocation proportionately after having given the Member State concerned the possibility to present its observations within two months from the communication of its conclusions.

7. Where, within ~~12~~**18** months of the date of the conclusion of relevant agreements referred to in Article 18, no tangible progress has been made in respect of any relevant milestones and targets by the Member State concerned, the Commission shall terminate the relevant agreements referred to in Article 18 and shall de-commit the amount of the financial allocation- **without prejudice to Article 14(3) Financial Regulation.** The Commission shall take a decision on the termination of agreements referred to in Article 18 after having given the Member State concerned the possibility to present its observations within a period of two months of the communication of its assessment as to whether no tangible progress has been made.
- 8. Payments related to the decision adopted in accordance with Article 16 and to the legal commitment entered in accordance with Article 18 shall be made by [the 30th of June 2034].**
- 9. In case in a given year revenues assigned to this Fund in accordance with Article 30(d) 4a of Directive 2003/87/EC are not sufficient to cover the requests for payments presented by the Member States, the Commission shall pay the Member States pro rata and endeavour to pay as soon as new revenues become available.**
- 10. Any decommitted or unused amount by the [30th of June 2034] shall be allocated by the Commission to Member States in accordance with the **share of resources provided through Article 30(d) 4a of Directive 2003/87/EC** , in reduction of their national contribution to the total estimated costs under Article 14.**

Article 20

Protection of the financial interests of the Union

1. ~~In~~**The Member States, when** implementing the Fund, the Member States**Plans**, as beneficiaries of funds under the Fund, shall take all the appropriate measures to protect the financial interests of the Union and to ensure that the use of funds**the financial allocations** in relation to measures and investments supported by the Fund complies with the applicable Union and national law, in particular regarding the

prevention, detection and correction of fraud, corruption and conflicts of interests. To this effect, the Member States shall provide an effective and efficient internal control system as further detailed in Annex III and the recovery of amounts wrongly paid or incorrectly used. Member States may rely on their regular national budget management systems **as well as system approved under similar management modes**

2. The agreements referred to in Article 18 shall provide for the obligations of the Member States:
 - (a) to regularly check that the financing provided has been properly used in accordance with all applicable rules and that any measure or investment under the Plan has been properly implemented in accordance with all applicable rules in particular regarding the prevention, detection and correction of fraud, corruption and conflicts of interests;
 - (b) to take appropriate measures to prevent, detect and correct fraud, corruption, and conflicts of interests as defined in Article 61 of Regulation (EU, Euratom) 2018/1046 affecting the financial interests of the Union and to take legal actions to recover funds that have been misappropriated, including in relation to any measure or investment implemented under the Plan;
 - (c) to accompany a request for payment by:
 - (i) a management declaration that the ~~funds~~ **financial allocations** were used for its intended purpose, that the information submitted with the request for payment is complete, accurate and reliable and that the control systems put in place give the necessary assurances that the ~~funds~~ **financial allocations** were managed in accordance with all applicable rules, in particular rules on avoidance of conflicts of interests, fraud prevention, corruption and double funding from the Fund and ~~other~~ Union programmes in accordance with the principle of sound financial management **to the best of knowledge of the responsible authority**; and
 - (ii) a summary of the audits carried out in accordance with internationally accepted audit standards, including the scope of these audits in terms of amount of spending covered and period of time covered and an analysis of the weaknesses identified and any corrective actions taken;

(**aca**) for the purpose of audit and control and to provide for comparable information on the use of funds **financial allocations** in relation to measures and investments implemented under the Plan, to collect, record and store in an electronic system and ensure access to the following standardised categories of data:

- (i) name of the final recipients of funds **the financial allocations**, their VAT registration numbers or tax identification numbers, **where applicable**, and amount of the financial allocation from the Fund;
- (ii) name of the contractor(s) and sub-contractor(s) and their VAT registration number(s) or tax identification number(s) **and value of the contract(s)** where the final recipient of funds **the financial allocations** is a contracting authority in accordance with Union or national law on public procurement, ~~and value of the contract(s);~~;
- (iii) first name(s), last name(s), date of birth and VAT registration number(s) or tax identification number(s), **where applicable**, of beneficial owner(s) of the recipient of funds **the financial allocations** or contractor, as defined in Article 3, point (6), of Directive (EU) 2015/849 of the European Parliament and of the Council¹³;
- (iv) a list of any measures and investments implemented under the Fund with the total amount of public funding of those measures and investments and indicating the amount of funds paid under other funds financed from the Union budget;

(**acb**) to expressly authorise the Commission, OLAF, the Court of Auditors and, ~~where applicable,~~ **in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, the** EPPO to exert their rights as provided for in Article 129(1) of Regulation (EU, Euratom) 2018/1046 and to impose obligations on all final recipients of funds **the**

¹³_____. Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

financial allocations paid for implementing the measures and investments included in the Plan, or to all other persons or entities involved in their implementation to expressly authorise the Commission, OLAF, the Court of Auditors and, where applicable, EPPO to exert their rights as provided for in Article 129(1) of Regulation (EU, Euratom) 2018/1046 and to impose similar obligations on all final recipients of funds disbursed;

(**ecc**) to keep records in accordance with Article 132 of Regulation (EU, Euratom) 2018/1046, **the point of reference being the payment transaction relevant to the respective measure or investment.**

3. Personal data as referred to in paragraph 2, point (d) of this Article shall be processed by Member States and by the Commission for the purpose, and corresponding duration, of discharge, audit and control, information, communication and publicity proceedings related to the use of funds **financial allocations** related to the implementation of the agreements referred to in Article 18. The personal data shall be processed in accordance with Regulation (EU) 2016/679 or Regulation (EU) 2018/1725, whichever is applicable. Within the framework of the discharge procedure to the Commission, in accordance with Article 319 TFEU, the Fund shall be subject to reporting under the integrated financial and accountability reporting referred to in Article 247 of Regulation (EU, Euratom) 2018/1046, and, in particular, separately in the Annual Management and Performance Report.
- ~~4. The Commission shall make available to the Member States an integrated and interoperable information and monitoring system including a single data mining and risk-scoring tool to access and analyse the relevant data. The Member States shall use the tool for audit and control purposes to avoid double funding and to prevent, detect and correct fraud, corruption and conflict of interests in relation to the measures and investments supported by the Fund. The Commission, OLAF, the Court of Auditors and, where applicable, EPPO may use the tool within its competences and rights referred to in paragraph 2, point (d) of this Article.~~
5. The agreements referred to in Article 18 shall also provide for the right of the Commission to reduce proportionately the support under the Fund and recover any amount due to the Union budget, in cases of fraud, corruption, and conflicts of

interests affecting the financial interests of the Union that have not been corrected by the Member State, or a serious breach of an obligation resulting from such agreements.

When deciding on the amount of the recovery and reduction the Commission shall respect the principle of proportionality and shall take into account the seriousness of the fraud, corruption and conflict of interests affecting the financial interests of the Union, or of a breach of an obligation. The Member State shall be given the opportunity to present its observations before the reduction is made.

CHAPTER IV
COMPLEMENTARITY, MONITORING AND EVALUATION

Article 21

Coordination and complementarity

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, **the Modernisation Fund under Article 10d of Directive 2003/87/EC** and the Funds covered by Regulation (EU) 2021/1060. For that purpose, they shall:

- (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;
- (b) optimise mechanisms for coordination to avoid duplication of effort; and
- (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.

Article 22

Information, communication and publicity

1. 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 Council¹⁴, which shall allow data to be sorted, searched, extracted, compared and reused. The information referred to in Article

¹⁴ Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 on open data and the re-use of public sector information (OJ L 172, 26.6.2019, p. 56).

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~~ **in case of** direct income support ~~paid is less than EUR 15 000~~ **to vulnerable households**.

2. The recipients of Union funding shall ~~acknowledge~~ **be informed of** the origin of those funds and, **except for natural persons**, ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.
3. The Commission shall implement information and communication actions relating to the Fund, to actions taken pursuant to this Regulation and to the results obtained, including, where appropriate and with the agreement of the national authorities, through joint communication activities with the national authorities and the representation offices of the European Parliament and of the Commission in the Member State concerned.

Article 23

Monitoring of implementation

1. 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 monitoring of implementation shall be targeted and proportionate to the activities carried out in the Plan.** The Member States ~~concerned~~ shall include in their progress report **the indicators set out in Annex (X)**:
 - (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;~~

- (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;~~
- (e) ~~information reported under the long-term buildings renovation strategies pursuant to Directive 2010/31/EU;~~
- (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;~~
- (g) ~~information on changes of its Plan in accordance with Article 17.~~
2. The Commission shall monitor the implementation of the Fund and measure the achievement of its objectives. The monitoring of implementation shall be targeted and proportionate to the activities carried out under the Fund.
3. The performance reporting system of the Commission shall ensure that data for monitoring the implementation of the activities and results are collected efficiently, effectively and in a timely manner. To that end, proportionate reporting requirements shall be imposed on recipients of Union funding.
4. The Commission shall ~~be empowered to adopt delegated acts in accordance with Article 25 to supplement this Regulation in order to set out~~ use the common indicators ~~to be used~~ as set out in Annex (X) for reporting on the progress and for the purpose of monitoring and evaluation of the Fund towards the achievement of the objectives set out in Article 1.

CHAPTER V

FINAL PROVISIONS

Article 24

~~*Evaluation and review of the Fund*~~

1. ~~[By 1 July 2028]~~ After two years of implementation of the Plans, the Commission shall provide the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions with an evaluation report on the

implementation and functioning of the Fund **and shall submit, where appropriate any proposals for amendments of this Regulation.**

- ~~2. By 31 December 2033, the Commission shall provide the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions with an independent *ex post* evaluation report.~~
3. The evaluation report shall, in particular, assess to which extent the objectives of the Fund laid down in Article 1 have been achieved, the efficiency of the use of the resources and the Union added value. It shall consider the continued relevance of all objectives and actions set out in Article 6 in light of the impact on greenhouse gas emissions from the emission trading system for buildings and road transport pursuant to Chapter IVa of Directive 2003/87/EC and from the national measures taken to meet the binding annual greenhouse gas emission reductions by Member States pursuant to Regulation (EU) 2018/842 of the European Parliament and of the Council¹⁵. It shall also consider the continued relevance of the ~~financial envelope~~ **the use of the Fund assigned revenues** in relation to possible developments concerning the auctioning of allowances under the emission trading system for buildings and road transport pursuant to Chapter IVa of Directive 2003/87/EC and other relevant considerations.
- ~~4. Where appropriate, the evaluation report shall be accompanied by a proposal for amendments to this Regulation.~~
- 4a. By 31 December 2033, the Commission shall provide the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions with an independent *ex post* evaluation report.**
5. The ex post evaluation report shall consist of a global assessment of the Fund and shall include information on its impact.

¹⁵ Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26-42).

Article 2525a

Exercise of delegation *Committee procedure*

1. The power to adopt delegated acts shall be conferred on the Commission subject to the conditions laid down in **shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.**
- 2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.**
- ~~2. The power to adopt delegated acts referred to in Article 23(4) shall be conferred on the Commission for an indeterminate period of time.~~
- ~~3. The delegations of power referred to in Article 23(4) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect on the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.~~
- ~~4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law Making.~~
- ~~5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.~~
- ~~6. A delegated act adopted pursuant to Article 23(4) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.~~

Article 26

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

It shall apply from the date by which the Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Directive (EU) [yyyy/nnn] of the European Parliament and the Council¹⁶ amending Directive 2003/87/EC as regards Chapter IVa of Directive 2003/87/EC.

¹⁶———[Directive (EU) yyyy/nnn of the European Parliament and of the Council.... (OJ)] [Directive amending Directive 2003/87/EC]

ANNEX I

Methodology for the calculation of the maximum financial allocation per Member State under the Fund pursuant to Article 13

This Annex sets out the methodology for calculating the maximum financial allocation available for each Member State in accordance with Articles 9 and 13.

The methodology takes into account the following variables with regard to each Member State:

- population at risk of poverty living in rural areas (2019);
- carbon dioxide emissions from fuel combustion by households (2016-2018 average);
- the percentage of households at risk of poverty with arrears on their utility bills (2019);
- total population (2019);
- the Member State's GNI per capita, measured in purchasing power standard (2019);
- the share of reference emissions under Article 4(2) of Regulation (EU) 2018/842 for the sectors covered by [Chapter IVa of Directive 2003/87/EC] (2016-2018 average).

The maximum financial allocation of a Member State under the Fund (MFA_i) is defined as follows:

$$MFA_i = \alpha_i \times (TFE)$$

Where:

The total financial envelope (TFE) for the implementation of the Fund is the sum of the financial envelopes as referred to in Article 9(1) and (2) and α_i is the share of Member State i in the total financial envelope, determined on the basis of the following steps:

$$\alpha_i = (50\% \times \beta_i + 50\% \times \lambda_i) \times \frac{GNI_{EU}^{PC}}{GNI_i^{PC}}$$

With

$$\beta_i = \min\left(\frac{rural\ pop_i}{rural\ pop_{EU}}, \frac{pop_i}{pop_{EU}} \times f_i\right)$$

$$\lambda_i = \gamma_i \times \delta_i$$

$$\gamma_i = \frac{HCO2_i}{HCO2_{EU}}$$

$$\delta_i = \min\left(\frac{arrears_i}{arrears_{EU}}, f_i\right)$$

$$f_i = 1 \text{ if } GNI_i^{PC} \geq GNI_{EU}^{PC}; f_i = 2.5 \text{ if } GNI_i^{PC} < GNI_{EU}^{PC}$$

Where for each Member State i:

$rural\ pop_i$ is the population at risk of poverty living in rural areas of the Member State i;

$rural\ pop_{EU}$ is the sum of population at risk of poverty living in rural areas of the Member States of the EU-27;

pop_i is the population of the Member State i;

pop_{EU} is the sum of the population of the Member States of the EU-27;

$HCO2_i$ is the carbon dioxide emissions from fuel combustion by households of the Member State i;

$HCO2_{EU}$ is the sum of carbon dioxide emissions from fuel combustion by households of the Member States of the EU-27;

$arrears_i$ is the percentage of households at risk of poverty with arrears on utility bills of the Member State i;

$arrears_{EU}$ is the percentage of households at risk of poverty with arrears on utility bills of the EU-27;

GNI_i^{PC} is the GNI per capita of the Member State i;

GNI_{EU}^{PC} is the GNI per capita of the EU-27.

The β_i of those Member States with a GNI per capita below the EU-27 value and for which the $\frac{rural\ pop_i}{rural\ pop_{EU}}$ is the minimum component are proportionally adjusted to ensure that the sum of β_i for all Member States equals 100%. All λ_i are proportionally adjusted to ensure that their sum equals 100%.

For the Member States with a GNI per capita below 90% of the EU-27 value, α_i cannot be lower than the share of reference emissions under Article 4(2) of Regulation (EU) 2018/842 for the sectors covered by [Chapter IVa of Directive 2003/87/EC] for the average of the period 2016-2018. The α_i of the Member States with a GNI per capita above the EU-27 value are proportionally adjusted to ensure that the sum of all α_i equals 100%.]

[ANNEX II]

Maximum financial allocation per Member State under the Fund pursuant to Article 9 and Article 13

The application of the methodology in Annex I to the amounts referred to in Article 9 (1) and (2) results in the following share and maximum financial allocation (MFA) per Member State.

Any amounts pertaining from Article 9(3) will be covered within the limits of the maximum financial allocation per Member State on a pro rata basis.

Maximum financial allocation per EU Member State				
Member State	Share as % of total	TOTAL 2025-2032 (in EUR, current prices)	Amount for 2025-2027 (in EUR, current prices)	Amount for 2028-2032 (in EUR, current prices)
Belgium	2.56	1 844 737 639	605 544 073	1 239 193 566
Bulgaria	3.85	2 778 104 958	911 926 420	1 866 178 538
Czechia	2.40	1 735 707 679	569 754 460	1 165 953 219
Denmark	0.50	361 244 536	118 580 270	242 664 266
Germany	8.19	5 910 983 488	1 940 308 984	3 970 674 504
Estonia	0.29	207 004 992	67 950 392	139 054 600
Ireland	1.02	737 392 966	242 052 816	495 340 150
Greece	5.52	3 986 664 037	1 308 641 796	2 678 022 241
Spain	10.53	7 599 982 898	2 494 731 228	5 105 251 670
France	11.20	8 087 962 701	2 654 912 964	5 433 049 737
Croatia	1.94	1 403 864 753	460 825 411	943 039 343
Italy	10.81	7 806 923 117	2 562 660 358	5 244 262 759
Cyprus	0.20	145 738 994	47 839 531	97 899 463
Latvia	0.71	515 361 901	169 170 042	346 191 859
Lithuania	1.02	738 205 618	242 319 573	495 886 046
Luxemburg	0.10	73 476 421	24 118 991	49 357 430
Hungary	4.33	3 129 860 199	1 027 391 783	2 102 468 416
Malta	0.01	5 112 942	1 678 348	3 434 594

Netherlands	1.11	800 832 270	262 877 075	537 955 195
Austria	0.89	643 517 259	211 237 660	432 279 599
Poland	17.61	12 714 118 688	4 173 471 093	8 540 647 595
Portugal	1.88	1 359 497 281	446 261 573	913 235 708
Romania	9.26	6 682 901 998	2 193 694 977	4 489 207 021
Slovenia	0.55	397 623 987	130 522 001	267 101 985
Slovakia	2.36	1 701 161 680	558 414 568	1 142 747 112
Finland	0.54	386 966 933	127 023 772	259 943 161
Sweden	0.62	445 050 067	146 089 842	298 960 225
EU27	100%	72 200 000 000	23 700 000 000	48 500 000 000

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ANNEX III

Key requirements for the Member State's control system

- (1) The Member State shall provide an effective and efficient internal control system, **in accordance with their institutional, legal and financial framework as well as taking recourse to those already in place,** including separation of functions and reporting, supervising and monitoring arrangements.

This includes:

- ~~the nomination of an authority as “coordinator” having the overall responsibility for the Climate Action Social Plan and being the single point of contact for the Commission;~~
 - ~~that the coordinator has (i) the administrative capacity in terms of human resources (staff numbers and profiles), institutional experience and expertise, and (ii) the mandate and authority to exercise all relevant tasks, including supervision and reporting responsibilities;~~
 - the designation of the authorities entrusted with the implementation of the **Social** Climate Action Social Plan and the allocation of the related **responsibilities and** functions;
 - the designation of the authority **or authorities** responsible for signing the management declaration accompanying the payment requests;
 - procedures ensuring that this authority **or these authorities** will get assurance about the achievement of the milestones and targets set in the plan, that the funds were managed in accordance with all applicable rules, in particular rules on avoidance of conflicts of interests, fraud prevention, corruption and double funding;
 - an appropriate separation between managing and audit functions.
- (2) The Member State shall conduct an effective implementation of proportionate anti-fraud and anti-corruption measures, as well as any necessary measure to effectively avoid conflict of interests.

This includes:

- appropriate measures related to the prevention, detection and correction of fraud, corruption and conflict of interest, as well as avoidance of double funding and to take legal actions to recover funds that have been misappropriated;
 - a fraud risk assessment and the definition of appropriate anti-fraud mitigating measures.
- (3) The Member State shall maintain appropriate procedures for drawing up the management declaration and summary of the audits ~~and controls~~ carried out at national level.

This includes:

- An effective procedure for drawing up the Management Declaration, documenting the summary of audits and ~~controls~~ and keeping the underlying information for audit trail;
 - Effective procedures to ensure that all cases of fraud, corruption and conflict of interests are properly reported and corrected through recoveries.
- (4) To provide the information necessary, the Member State shall ensure appropriate management verifications, including procedures for checking the fulfilment of milestones and targets and compliance with horizontal principles of sound financial management.

This includes:

- appropriate management verifications through which implementing authorities will check the fulfilment of milestones and targets of the fund (e.g. desk reviews, on-the-spot checks);
 - appropriate management verifications through which the implementing authorities will check the absence of serious irregularities (fraud, corruption and conflict of interest) and double funding (e.g. desk reviews, on-the-spot checks).
- (5) The Member State shall conduct adequate and independent audits of systems and operations in accordance with internationally accepted audit standards.

This includes:

- The designation of the body/ies which will carry out the audits of systems and operations and how its/their functional independence is ensured;

- The allocation of sufficient resources to this body/ies for the purpose of the Fund;
 - The effective tackling by the ~~audit~~ body/ies of the risk of fraud, corruption, conflict of interest and double funding both through system audits and audits of operations.
- (6) The Member State shall maintain an effective system to ensure that all information and documents necessary for audit trail purposes are held.

This includes:

- effective collection, recording and storage in an electronic system of data on the final recipients of measures or investments necessary to achieve the milestones/targets;
- access for the Commission, OLAF, ECA and EPPO (~~where applicable~~) **in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, the EPPO,** to the data on final recipients.

ANNEX X

Relevant common indicators

ANNEX XX

Template for the Social Climate Plans

Comments from the Netherlands

We would like to thank the Presidency for facilitating this round of written comments and the hard work over the past week. We wish them the best of luck in bringing Member States' input to a fruitful conclusion.

For us, it remains important to note our overall stance regarding negotiations on the SCF. We remain hesitant to introduce new funds and revise the MFF-regulation, and believe that the negotiations on the next MFF should not be pre-empted. Furthermore, we will consider our ultimate position on the SCF in the light of the result of negotiations regarding the Ff55 proposals as a whole. Comments, suggestions, and proposals that we will make until we have a final overall position therefore remain provisional, but we hope they can contribute to the technical discussion nonetheless. Our comments below are an extension on and reiteration of the comments made during the AHWP on Friday the 10th of June.

Overall

We have studied the proposal quickly with great interest, and will be diving into the proposal more over the week. Comments remain preliminary, but in line with earlier points.

As mentioned over the past year, a performance based approach to any potential new fund is of high importance to us. We are studying the consequences of the adaptation to elements of shared management, but note that performance based still forms the core of the proposal. Likewise important that a strong link with the ETS BRT is maintained, underline the necessity of this.

However, ensuring that any potential fund is as transition oriented as possible remains a significant issue for us. The original proposal and revised edition are and remain unacceptably vague regarding the possibility and funding of direct income support and will be impossible to sell in the Hague. If we are to even consider income support, it must be capped. In our view, income support must be addressed in an AHWP or CRP prior to any further steps on the proposal as a whole, along with the size and distribution of any potential new fund. Furthermore, we underline the need to exclude SME's from the fund and to include a strong *do no significant harm* clause to ensure that any fund is as focused as possible.

Similarly we note that a strong climate neutrality clause is needed for the fund. In our view the current Presidency proposal still leaves a back door that undermines this clause. For us, it is important to see strong national commitments, beyond general EU obligations. Thus the clause in the proposal needs to be stronger.

Financial

Rule of Law, budget control, and governance remain very important for our evaluation of the financial architecture of potential new funds. Similarly, a cap for any new proposals is crucial to ensure rules on good budgeting are followed.

We would like to stress again that any change to BRT must be proportionally reflected in SCF. It is good to see that the Presidency has opted to include the implications of changes to the ETS-BRT in the compromise text. We will be studying the exact details of the Presidency proposals for the SCF and necessary amendments for the ETS BRT.

Governance

We are glad to note that measures linked to existing carbon taxes will be considered eligible under the fund, but would look to ask the Presidency who determines whether measures fall into this category and how this is verified.

We note that technical assistance has been made eligible under the fund. We consider the way of implementation to be insufficiently clauded, in particular regarding the new rules on recurring expenses. Could the Presidency share how this aspect of the proposal contributes to aiding the most vulnerable?

Finally we note that the good simplifications in the text, the Commission role in estimating the impact of ETS-BRT prices, and the choice for an annex list of indicators are aligned with our conditions for a potential fund. Regarding the annex list we would like to ask the presidency how and when they intend to compile this.

