

Three Guiding Principles for National Social Climate Plans

EU countries' National Social Climate Plans (NSCPs) can be a blueprint for how to distribute revenues from ETS-2 carbon pricing in heating and transport. NSCPs can show how the fossil fuel phase-out can be advanced while also protecting the many middle and low-income households that will be disproportionately affected when carbon pricing begins in 2027. Several NGOs interested in NSCPs being successful have co-signed this manifesto which is available [online](#).

Ensure meaningful public participation

Stakeholder consultations of groups strongly affected by ETS-2, as well as public consultations, are foreseen in establishing NSCPs. SCF investments should be designed based on the needs of its recipients, with institutional capacity being expanded as required to ensure that those needs are understood correctly during consultations.

- EU countries should utilise a variety of consultation and deliberative methods such as online surveys, in-person workshops, citizen assemblies, and focus groups to maximise accessibility.
- Strengthening the institutional capacity of local authorities, relevant stakeholders, and NGOs is essential for their meaningful and inclusive involvement in the NSCPs.

Stakeholder and public participation should be carried out early, transparently, and avoid citizenwashing. Feedback from stakeholders and the public should be integrated into the NSCPs, with omissions requiring justification.

Use revenues for direct payments and additional private and public investments

Higher costs for heating and transport fuels risk increasing energy and transport poverty without socially targeted SCF investments and direct payments. Subsidies can promote the required shifts in technology. However, some households use fossil fuels indirectly and require public transport infrastructure, social housing or service providers to decarbonise. For these households, only direct income support will protect purchasing power when prices rise as a result of ETS-2. While only 37.5% of SCF funding may be used for direct payments, the NSCPs offer the opportunity to create a direct payment scheme that can later be used for ETS-2 revenues that are not distributed via the SCF from 2027 onward.

- Returning revenues from carbon pricing via direct payments creates transparency, allows benefits to citizens to react dynamically as carbon prices vary and over-proportionally benefits poor and middle-income households even if paid per capita to all citizens.

- Investments in building renovations under the SCF should focus on the worst-performing buildings in line with the Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED).
- NSCPs should support access to Renewable Energy Communities (RECs) for low-income households. These can aid social inclusion and protect against energy market volatility.
- EU countries should prioritise affordable and demand-based public transport.
- It is crucial that EU governments respect the legal requirement that measures included in NSCPs are additional and in no way replace existing programmes.

Mobilise funding beyond the 25%

The Social Climate Fund is financed by a quarter of all revenues from carbon pricing in ETS-2 - until a cap is reached. Removing this cap would ensure the fraction of revenues distributed via the SCF remains at 25% when prices are high - precisely when we need the SCF most. With ETS revenues expected to peak in 2035, these next ten years provide a critical opportunity to reduce fossil fuel dependency and enhance long-term well-being.

- Renew the financing for the Just Transformation Fund to secure resources for socially inclusive climate initiatives.
- Ensure existing EU spending is aligned with the SCF, in particular by funding renovations, energy efficiency, and renewable energy deployment.

Interested in NSCPs? Stay in touch

The EEB is part of the LIFE Effect consortium, consisting of NGOs and think tanks from across the EU is working on fostering understanding of ETS-2 and capacity building for civil society. To be informed about our work or join our network of experts, contact hannah.osullivan@eeb.org.



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