



*the European association of local authorities
in energy transition*



Energy Cities' network

Representing over **1,000** cities in **30** countries

From small towns to big cities with diverse ambitions



The EU Emission Trading System

- Pillar of EU climate policy launched in 2005
- Largest Emission Trading System in the world
- Puts a price on carbon
- Limited « right to pollute » through Greenhouse Gas Emission allowances

The EU ETS has not delivered

- Less emission cuts than expected
- Price on carbon too low (€5 only)
- Carbon-intensive industries have made billions of Euros of profits
- Does not serve the locally driven energy transition
- Therefore: Need to change ETS' purpose

The ETS « Modernisation Fund »

- EU ETS is being revised by EU Commission for period 2021-2030
- The Modernisation Fund as a new funding instrument
- 10 Member States eligible for this new fund:
 - **Romania**, Poland, Bulgaria, Slovakia, Latvia, Lithuania, Estonia, Hungary, Bulgaria, Czech Republic

The ETS « Modernisation Fund »

- Purpose: Support investment in energy efficiency and modernisation of energy systems between 2021 and 2030
- Modernisation Fund will generate ca. €8 billion for the 10 eligible Member States
- For Romania: approximately €958 million revenue expected

5 recommendations for the MF

- Go local: the future of the energy system is decentralized!
- Support employment-intensive projects
- Invite the right people to sit at the governance table
- Redirect carbon trading revenues to the local energy transition
- Make it an open and transparent process

Using the MF for the local level

- Provide funds for local authorities to invest in sustainable energy measures
- Build the foundations of a future-proof energy system
- Improve quality of life for citizens (e.g. with renovation of buildings)
- Support the implementation of SEAPs by Covenant of Mayors signatories

What projects could be funded?

- Energy-efficient renovation of buildings
- Small-scale renewable energy plants
- Upgrading decentralized grid facilities
- Building new transport infrastructure
 - Good practice example: Carbon credits pay for new bike lanes and metro stations in Bucharest
- And many more!

Next steps for the MF

- European Parliament expected to adopt ETS report by end of 2016
- Co-Decision with Council of Ministers (Member States) expected beginning of 2017
- As one of the eligible Member States for the MF, Romania can play an important role in supporting the local energy transition

Thank you

See you soon in the network!



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