

A long-term budget to deliver future-proof buildings

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Summary

As we enter the delivery phase of the energy transition, renovating buildings must be at the heart of our strategy. This will cut utility bills for households and businesses, create local jobs, boost competitiveness, and reduce our dependence on energy imports. Renovation must be a clear priority in both EU policies and the EU budget.

The **upcoming Multiannual Financial Framework (MFF)** will be the financial backbone supporting the EU's energy transition. The Renovate Europe Campaign advocates for a simpler, larger, and more accessible budget to meet the energy efficiency goals set by the Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED).

The primary source of EU funding for energy renovation, the Recovery and Resilience Facility, is set to end in 2026. Remaining Cohesion Funds and the Social Climate Fund (SCF) are expected to only partly compensate for it. With an investment gap estimated at **€150 billion per year**, the Commission and Member States must prioritise energy renovations in the future EU budget and develop new tools to unlock private finance to meet Europe's targets for efficient buildings.

To ensure continued progress, the Renovate Europe Campaign calls on the European Commission to:

- **Dedicate increased EU funding to deliver efficient buildings**
 - Extend the deadline of the Recovery and Resilience Facility (RRF) to 2028
 - Support the implementation of **National Building Renovation Plans** through the MFF and SCF
 - Mainstream the energy efficiency first principle in the European Competitiveness Fund
 - Address the non-financial barriers to energy renovations (information, skills, permitting)
- **Unlock private finance for energy renovations**
 - Stimulate private investments through EU funds and guarantees
 - Facilitate the use of public-private partnerships and blended finance to increase the renovation rate
 - Encourage the emergence of new tools to unlock private funding (Renovation Loans, Mortgage Portfolio Standards)
- **Simplify the EU's energy efficiency budget lines**
 - Address the fragmentation of funding opportunities by adopting a policy-based Multiannual Financial Framework with a dedicated line for energy-efficient buildings
 - Simplify the application process for EU funding through the harmonisation of conditions and eligibility requirements. Many of the funding possibilities remain untapped because of significant bureaucratic hurdles.
 - Develop a robust **monitoring and evaluation system** to track the impact of renovation investments on energy savings, emissions, and job creation
- **Improve the absorption rate of EU funds**
 - Prioritise the implementation of Fit for 55 legislations in the allocation of EU funds
 - Empower competent authorities (regions/cities) to elaborate local investment plans including EU funds
 - Raise awareness and communicate on funding opportunities
 - Provide technical assistance through the ELENA mechanism and the Technical Support Instrument

A budget to power Europe's energy transition

For a competitive, resilient and future-proof economy

- At building level, renovations can lower energy demand by up to 80%, bringing down energy bills not only for companies and consumers but also national and local authorities as biggest property owners.¹
- At system level, energy efficiency in buildings flattens demand spikes (peak load) and avoids temporary and long-term costs that would otherwise be passed on to customers. They reduce the chance of energy price spikes and the need for investments in additional generation capacity and energy networks. Demand reduction, decarbonisation of supply, and flexibility create a positive feedback loop, reducing overall market prices and driving the EU's industrial competitiveness.

The European renovation and maintenance sector currently has a total annual revenue estimated at €850 billion², employing approximately 6.5 million workers across the EU. The implementation of the Fit for 55 (FF55) legislation **is expected to further grow this workforce**: a study³ led by BPIE for the Renovate Europe Campaign estimates that for every €1 million invested in upgrading the building stock, 18 local and non-transferable jobs are created.

For the EU's energy independence

The current geopolitical situation highlights the urgent need to reduce our reliance on imported fossil fuels. By prioritising the renovation of buildings, the EU can lessen its vulnerability to price fluctuations and supply disruptions, strengthening its energy security.

Today, roughly 75% of the EU building stock is energy inefficient and around 75% of our heating and cooling needs are supplied from fossil fuel sources. EU energy imports averaged €600bn during the energy price crisis.⁴ The **2014 European Energy Security Strategy**⁵ already recognised energy efficiency as key to reducing the EU's external dependency, especially regarding heating and insulation in buildings and industry. Now is time to roll out these solutions.

To improve health and fight against energy poverty

The energy renovation of buildings delivers far-reaching benefits that go well beyond energy savings. The return on investment is clear. Renovating Europe's inefficient housing stock could generate returns through **annual societal savings worth at least €194 billion**, from improved health and fewer sick days to higher performance at work and in schools.⁶

As highlighted by recent research by the International Energy Agency,⁷ energy efficiency measures provide multiple benefits such as better indoor environmental quality, greater comfort, improved health and well-being as well as increased productivity. These additional benefits have a substantial positive economic impact. Energy renovations also help tackle energy poverty by reducing households' energy bills and improving living conditions.

These co-benefits represent important incentives for consumers to undertake deep or staged deep energy renovation projects next to the energy savings.⁸

¹ BPIE, Deep Renovation Briefing, 2021 bpie.eu/wp-content/uploads/2021/11/BPIE_Deep-Renovation-Briefing_Final.pdf

² "Renovation is taking centre stage in the construction sector" (2023), ING. [Link](#).

³ "Building Renovation: A kick-starter for the EU recovery" (2020), Renovate Europe, BPIE. [Link](#).

⁴ Briefing, European Commission: [The euro in the field of energy \(europa.eu\)](https://ec.europa.eu/energy/en/euro-in-the-field-of-energy)

⁵ « European Energy Security Strategy », Communication from the Commission (2014). [Link](#).

⁶ Inadequate housing in Europe: Costs and consequences, Eurofound, 2016. [Link](#).

⁷ [Multiple Benefits of Energy Efficiency – Analysis - IEA](#)

⁸ [Comprehensive study of building energy renovation activities](#), Navigant, 2019

The investment gap

The Commission estimates that reaching a fully decarbonised building stock by 2050 requires around €275 billion per year.⁹ To reach the EPBD 2030 targets, Bruegel raises that figure to an estimated annual investment of €297 billion and assesses the yearly **investment gap at €149 billion**.^{10 11}

While a large part of this gap should be filled by attracting private investments, Member States cannot be expected to fill the remaining sums alone. European funds are essential to drive the implementation of EU legislation, especially in Member States with lower fiscal capacity.

The case for a ringfenced, simplified budget line for Energy Efficiency in the MFF

Macroeconomic and microeconomic barriers to investment

The Covid-19 and the energy price crises have left a lasting impact on inflation in the EU. This, in turn, is leading to a rise in the price of energy efficiency solutions and is threatening the construction and renovation sector.

In this context, **calls for a lower EU budget and austerity measures are hampering Member States' capacity to borrow and support energy renovation programmes**. Lower growth prospects already pushed the French Energy Minister to decrease the budget of France's main subsidy program for energy renovations by 25%.

Smaller countries, lower financing capacities

The energy price crisis showed the divergences in financing capacity across the EU27, with Germany accounting for close to 30% of the subsidies disbursed. Large countries have inherently more financial room for manoeuvre when it comes to investing in their energy renovation markets. This calls for **European action to ensure a level playing field** and make sure that Member States all get the same chance to achieve their climate and energy targets.

Managing the impact of the ETS2¹²

The Renovate Europe Campaign acknowledges that putting a carbon price on heating fuels will send a necessary market signal. However, **it will not automatically make energy renovations financially more attractive or technically easier**, and risks hurting the most vulnerable consumers and businesses who will face higher energy bills. This would also gradually lower the investment capacity of citizens and businesses and fail to address the non-economic barriers of energy renovations. Several studies have examined the elasticity of putting a carbon price on fossil heating fuels to motivate building owners to energy renovate. The results show an extremely low elasticity with a price in the region of €300 per tonne needed to have a measurable effect on renovation actions.¹³

In France, the Court of Auditors expects increases of 11% to 13% for gas and 10% to 11% for fuel ("assuming a price of €50/tCO₂, which would be added to the current carbon component"). This translates into an additional €200 to €650 per year for households.¹⁴

- ➔ Adequate EU funding and the timely implementation of the EPBD provisions will be necessary to cushion the impact of the ETS2 on vulnerable households.

The risk of a funding cliff: Recovery and Resilience Facility (RRF) / Social Climate Fund

⁹ "A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives" (2020), Communication from the Commission. [Link](#).

¹⁰ "How to finance the European Union's building decarbonisation plan" (2024), Bruegel. [Link](#).

¹¹ I4CE found a gap of around €137bn for energy efficiency in buildings – "European Climate Investment Deficit report" (2024), I4CE. [Link](#).

¹² Extension of European emissions trading (EU ETS) to buildings and transport

¹³ BPIE, 2021 [Introducing-a-carbon-price-on-heating-fuels_07.pdf](#)

¹⁴ « La place de la fiscalité de l'énergie dans la politique énergétique et climatique française » (2024), Cour des comptes. [Link](#).

The Recovery and Resilience plans include significant funding dedicated to energy efficiency. Total estimated investments in energy efficiency in the building stock amount to around €81.1 billion¹⁵. A third of it will be invested by Italy, followed by Spain and France. Jointly these three countries represent nearly 60 % of all investments in energy efficiency in buildings. Most of the spending on energy-efficient renovations goes to schemes that aim to achieve, on average, medium-depth level renovation, which amounts to at least 30% primary energy savings.

The **RRF will end in 2026** and might leave Member States in a difficult position as more is required from them by FF55 (EPBD, RED and EED) while less money is available to reach their objectives. In this context, the **need to avoid boom and bust funding patterns** linked to subsidies coming and going is more important than ever. **Stable, long-term financing frameworks** help businesses to better anticipate demand and plan accordingly, which helps to alleviate supply-side bottlenecks in skills and materials, driving competition up and renovation costs down.

The **Social Climate Fund** (SCF), funded by the ETS2 revenues, will be launched in 2026 to support vulnerable households, micro-enterprises, and transport users with the higher energy costs induced by the scheme. The Fund could amount to **€65 billion** (depending on the carbon price) and up to **€86 billion** with national co-financing for the 2026–2032 period¹⁶.

- ➔ The SCF funding will not be fully dedicated to energy efficiency actions and is unlikely to compensate for the end of the Recovery and Resilience Facility. The next Multiannual Financial Framework, combined with the remaining part of the ETS2 revenues, should fill the funding gap.

Unlocking private finance

Unlock private funding through new financial tools

European residential buildings are estimated to be worth €17 trillion and provide homes for 220 million people, making them one of the EU's most significant economic and social assets. There are around €7 trillion of mortgages in Europe, which leaves **€10 trillion of home equity against which owners could borrow for the deep renovation and transformation of their properties**, which most of these buildings require by 2050.¹⁷ These savings must be unlocked efficiently, and a 'European Renovation Loan' could play this role. It would take the shape of low-cost, long-term financing.

European Renovation Loans, backed by an EU guarantee¹⁸, can be offered to families and SMEs that don't have access to affordable private financing. The necessary EU loan funding or guarantees could be provided by a conversion of the underutilised loan component of the Recovery and Resilience Facility into European Renovation Loans, authorised by Member States¹⁹, or an allocation through Cohesion Policy funding.

Introduce Mortgage Portfolio Standards (MPS)

The EPBD recast introduces a definition of **Mortgage Portfolio Standard (MPS)** - a new mechanism that encourages banks to increase the median energy performance of the built assets in their mortgage portfolios.

MPS are a tool with considerable potential as they can funnel more capital into energy-efficient renovations and boost the energy renovation rate. At the same time, MPS can help banks to align their mortgage portfolios with

¹⁵ "Recovery and resilience scoreboard" (2024), European Commission. [Link](#).

¹⁶ "Financing the Renovation Wave" (2024), Bankwatch. [Link](#).

¹⁷ Climate Strategy and Partners - The European Renovation Loan: a new instrument to fund the EU Renovation Wave, 2022. [Link](#).

¹⁸ For example, in Ireland, the [Home Energy Upgrade Loan Scheme](#) is established and offered by the Strategic Banking Corporation of Ireland (SBCI) and benefits from a guarantee that has been provided by the European Investment Fund (EIF) and European Investment Bank (EIB) and supported by the Government of Ireland. The scheme provides low interest loans to Irish households.

¹⁹ More information here: [Engaging Retail Lenders in Home Renovation | Climate Strategy & Partners](#)

Taxonomy-compliant activities and fulfil their Green Asset Ratio, as well as manage the climate transition risks they face.

Several banks such as ING, SEB, or BNP Paribas have already developed their own Mortgage Portfolio Standard programmes²⁰. The European Banking Authority recently supported this concept, explaining that this would **help to de-risk portfolios and improve the resilience of the banking sector**.²¹

EPBD Article 17(10) requires the Commission to adopt a Delegated Act to elaborate the concept of MPS. For this, a clear and well-defined methodology is necessary for guiding financial institutions in setting targets to improve the energy efficiency of their lending portfolios. The proposed methodology should ensure that the portfolio targets set by mortgage lenders are **science-based, measurable, and time-bound**. Furthermore, it is crucial to encourage lenders to prioritise the identification and renovation of the worst-performing buildings within their portfolios²².

Our Recommendations

► Dedicate sufficient EU funding to achieve the Green Deal's buildings-related targets

Extend the Recovery and Resilience Facility deadline to 2028:

- RRF plans are taking more time than expected to be implemented. However, most countries are now making significant progress and channelling funding to achieve their Green Deal objectives
- Extending the RRF deadline would prevent a short-term funding cliff for efficient buildings and reflect the necessity to frontload investments in the energy transition.

Allocate sufficient funding to reach the EPBD and EED targets in the next MFF:

- **Cohesion policy funds** (Cohesion Fund and European Regional Development Fund - ERDF) must remain an envelope to reach a level playing field in energy efficiency in buildings between Member States. Funding for energy allocated under the future EU Competitiveness Fund should respect the energy efficiency first principle.
- Bridge the funding gap with RRF financing for efficient buildings

Keep on funding projects supporting the implementation of EU legislation in the sector through EU funds (such as through Horizon Europe and LIFE):

- The European Environment Agency estimates that fossil fuels subsidies amounted to €123 billion in 2022²³. These funds must be re-allocated to fulfil Green Deal objectives.
- Ensure that New European Bauhaus calls complement Horizon and LIFE and equally support all energy efficiency solutions.

Encourage Social Climate Plans and remaining ETS2 revenues to support energy renovations:

- The European Commission must ensure Member States use the SCF and remaining ETS2 revenues to improve the energy efficiency of their building stock.
- Clear links should be established between the Social Climate Plans, National Energy and Climate Plans, and National Building Renovation Plans.

Address the non-financial barriers to energy renovations:

- Invest in training, reskilling, upskilling, and the Energy Efficiency Pact for Skills through the **European Social Fund+**

²⁰ [Engaging Retail Lenders in Home Renovation | Climate Strategy & Partners](#)

²¹ Views expressed at the Renovate Europe event 'Engaging retail lenders in home renovations', 2024

²² More information [here](#)

²³ [Fossil fuel subsidies | European Environment Agency's home page](#)

- Increase the support for setting up One Stop Shops and practical roll-out as envisioned in the EPBD.
- Support innovative solutions in the energy efficiency and construction sectors (BIM, offsite construction, etc.)
- Work with Member States and local and regional authorities to assess their funding needs.

▷ **Unlocking private finance to ensure proper and lasting funds**

Stimulate private investments through EU funds:

- Use blended finance where relevant and empower national and local authorities through technical assistance on financial instruments (InvestEU, ELENA, etc.)

Encourage the emergence of new tools to unlock private funding

- Engage banks and private lenders through **portfolio performance requirements**
- Unlock private funding through EU guarantees for low-cost, long-term European Renovation Loans distributed by commercial banks

▷ **Simplify the EU's energy efficiency budget lines**

Increase clarity in EU funding opportunities for energy-efficient buildings:

- Improve the Funding & Tenders Portal to create a **single access point** for *all* information and financing opportunities, including financial instruments, structural funds, and funds using ETS revenues.

Simplify the application process for EU funding through the harmonisation of conditions and eligibility requirements.

Encourage the uptake of simplified cost options (SCOs) to simplify the application and reporting procedures

▷ **Improve the absorption rate of EU funds**

Prioritise the **implementation of FF55 legislation** in the allocation of EU funds

- Allow funding to be directly used to implement national building renovation plans (NBRPs) in Member States would also be effective. The new national plans could allocate MFF funding to NBRPs, considered as 'programming channel'. This would ensure a larger umbrella under which various funding strands could be combined, leading to more flexibility and a better roll-out of these renovation strategies on the ground.

Empower competent authorities (regions/cities) to elaborate local investment plans adapted to local circumstances (state of the building stock, public funds already allocated, actors involved, etc.) and directly access EU funds.

Improve access to EU funds through awareness-raising and communication:

- Communicate on available funding targeting all categories of stakeholders (public authorities, businesses, SMEs, associations, etc.)
- The lengthy administrative processes currently in place to access EU funds are partly responsible for the low absorption rate in the sector. A review process should be set up to identify opportunities for simplification.

Provide technical assistance on energy efficiency projects, through ELENA and the Technical Support Instrument.

Annex: Mapping of existing EU funds for energy efficiency

Summary

- The main source of funding remains the **Recovery and Resilience Facility (RRF)**, with a total allocation of € 81.1 billion²⁴, including € 65.7 billion for the energy renovation of buildings. The RRF was widely used by Member States to finance building renovations (26 countries have opted for energy efficiency measures in their recovery plans)²⁵. Most of the spending on energy renovations goes to schemes aiming to achieve, on average, medium-depth level renovations (at least 30 % primary energy savings).
- Around €20 billion²⁶ of **cohesion policy funds** (mostly from the European Regional Development Fund and the Cohesion Fund) are earmarked for energy renovations and energy efficiency.
- For **technical assistance** (ELENA), €300 million have been allocated since 2009.
- **Sectorial programs** (LIFE, Horizon Europe): €607.35 million for 2021-2025 in the Clean Energy Transition sub-programme of LIFE and the Cluster 5, Destination 4 of Horizon Europe.
- **New European Bauhaus funding**: €52 million distributed since 2021 (€50 million are from the EUI, which finances all 4 categories of the NEB.).

²⁴ "Recovery and Resilience Scoreboard: Thematic analysis on energy efficiency in buildings" (July 2024), European Commission. [Link](#).

²⁵ "Financing the Renovation Wave" (2024), Bankwatch. [Link](#).

²⁶ Data extracted on April 2023. See in "2021-2027 Cohesion Policy Support for Energy Efficiency and Building Renovation". 2023. [Link](#).

Name	Budget dedicated to energy efficiency (2021-2027)	Activities funded	Conditions to access funding / Kind of support received
Funding instruments			
ELENA	Since 2009, close to €300 million have been allocated, mobilising an estimated €9.5 billion over 15 years (source: Bruegel).	Technical assistance on: Energy efficiency in buildings (residential and non-residential; building-integrated renewables; district heating; smart grids); Sustainable housing (help private individuals and homeowner associations to prepare and implement energy efficiency renovations and renewable energy projects for residential buildings).	Application process: • A request of technical assistance to the EIB needs to be filled. • No deadline for application. • Duration of application: about 1 year. • Final approval given by the European Commission. Conditions to be filled: • ELENA funds will not replace previous funding • The project must start within 3 years • The project must reach a given financing leverage factor (x20 for EE projects). Eligible costs: • Internal staff (personnel costs) • External subcontractors (feasibility studies, program structuring, legal and financial advice, preparation of tender procedures, grouping of small projects to form bankable packages). • The grant (between €1 and 3 million per project) covers a maximum of 90% of total costs.
InvestEU	In total, the sustainable infrastructure window envelope is €9.9 billion (in April 2024, €7.7 billion have been allocated for sustainable infrastructure). Only on energy, in April 2024, € 2.76 billion have been spent.	On the energy sector, InvestEU targets renewable energy, energy efficiency and building renovation projects focused on energy savings and the integration of buildings into a connected energy source, storage, digital and transport system, improving energy infrastructure interconnection levels. It also provides	InvestEU implementing partners provide direct and intermediated financing solutions for both private and public project promoters.

		technical assistance through its InvestEU Advisory Hub.	
RRF (based on the mid-term evaluation)	The total estimated expenditure in energy efficiency in buildings amounts to € 81.1 billion.	Focus on public buildings and residential buildings, including social housing.	MS must elaborate their national recovery and resilience plans and prioritise some projects/topics to finance with RRF.
Sectorial programmes (funds directly managed by EC or its executive agencies)			
LIFE Clean energy transition	€1 bn total budget. In calls for proposals from 2021 to 2024, approximately €325.75 million were allocated to energy efficiency.	Types of projects: develop innovative approaches, best practice, support EU legislation, etc. Topics concerned: - Building a national, regional and local policy framework supporting the clean energy transition - Supporting the Renovation Wave and the energy transition in buildings - Supporting energy transition in buildings - Skills for energy transition - Decarbonisation of heating and cooling - Innovative funding - Energy poverty	Call for proposals Consortium obligations Grant co-funding from 60% to 95% Managed by CINEA
Horizon Europe – Cluster 5 – destination 4 “efficient, sustainable and inclusive energy use » (including the co-programmed	Call 2021-2022 (dedicated to energy efficiency in buildings) = €135.6 million Call 2023-2025 (dedicated to energy efficiency in buildings) = €146 million Total 2021-2025 = €281.6 million	R&I actions to achieve a highly energy-efficient and climate neutral European building stock.	Call for proposals Consortium obligations Grant co-funding from 70% to 100%

partnership Built4People)			
New European Bauhaus			
New European Bauhaus Facility	NEB Facility will be established within the Horizon Europe 2025-2027 Strategic Plan. An estimated budget of €120 million per year for the R&I part. Additionally, a roll-out part will be created from across the different EU programmes.	3 focus areas, including “circular and regenerative approaches for the built environment”	TBD - More information to come from the 2025-2027 roadmap of the NEB Facility.
LIFE 2023-PLP-Bauhaus-Phoenix-Emerald	€1million	Projects focusing on the building and construction sector	Call for proposals Consortium obligations
HORIZON-JU-CBE-2023-2	€1million	Projects focusing on the circular construction materials	Call for proposals Consortium obligations
2022 EUI-IA call	€50 million total for the call related to innovative action in all 4 categories of the NEB.	Demonstrators of New European Bauhaus in cities, to inspire in: • Construction and renovation in a spirit of circularity and carbon neutrality, • Preserving and transforming cultural heritage, • Adapting and transforming buildings for affordable housing solutions, • Regenerating urban spaces.	Call for proposals Consortium obligations Calls dedicated to urban authorities
Cohesion policy			

ERDF + CF	€19.9 billion in total (€15.3 billion compliant with energy efficiency criteria) ²⁷	Types of projects (from most funds to less): • Deep renovation in public infrastructure • Deep renovation EE in housing • Deep renovation EE in enterprises • Low emissions, HE co-generation, district H&C • EE in public infrastructure • Services linked to LCE and resilience to climate change • High efficiency co-generation, district H&C • EE in SMEs • EE in large enterprises • Smart energy systems and related storage • New energy efficient buildings	ERDF: General objectives of the ERDF set by the EC Allocation of the funds to MS' regions according to their level of 'development' (less developed, transition and more developed); Operational programmes developed by the managing authority, then agreement with the EC <i>Cohesion Fund:</i> Dedicated to MS with a gross national income per capita below 90% of EU-27 average
European Social Fund +	Total budget of €142.7 billion for the period 2021-2027. No dedicated envelope for energy efficiency-related skills	Social aspects: energy poverty, skills, etc.	• Shared management between EC and MS: key priorities are established in national/regional programmes • Co-financing from EC and MS (rate between 50% and 95%).
Just Transition Fund	<u>€1,153 billion allocated²⁸ (EU funds dedicated to energy efficiency listed here)</u> <u>Total envelope: €17.5 billion</u>	Topics covered: • Deep renovation in enterprises, housing • Energy efficiency in public infrastructure, large enterprises, housing and SMEs • New energy efficient buildings	• Dedicated to identified territories particularly vulnerable to the transition towards climate-neutrality. • Shared management between EC and MS, co-financing of projects by MS.

²⁷ Data used in the Renovate Europe Campaign paper "2021-2027: Cohesion policy support for energy efficiency and building renovation" (2023), undertaken by E3G : This study focuses on projects classified by member states as falling under intervention **fields 44 and 45** for public sector infrastructure; **field 40** for intervention in SMEs and enterprises; and **fields 41 and 42** for interventions targeting the housing stock. Of those, projects under fields 40, 42 and 45 include requirements to realise at least 30% primary energy savings (or medium depth renovation); or 30% saving in greenhouse gas emissions. *Other energy efficiency interventions in businesses have been excluded, alongside interventions targeting construction of new buildings (fields 38, 39, 43)*

²⁸ Extraction of data from the cohesion tracker: [JTF - energy support | Data | European Structural and Investment Funds \(europa.eu\)](#)

		• Replacement of heating systems (from coal to gas-based) • Low emissions, HE co-generation, district H&C	
Funds using ETS revenues			
<u>Modernisation Fund</u>	The total revenues of the Modernisation Fund amount to €57 billion from 2021 to 2030, assuming a carbon price of €75/tCO₂. 80% of the fund must be spent in five priority investment areas, including reducing overall energy use through energy efficiency. Member States partly use this fund for renovating buildings, particularly public ones.	• Modernisation of energy systems and the improvement of energy efficiency. • Generation and use of energy from renewable sources • H&C from renewable sources • Energy storage and modernisation of energy networks • Support for low-income households • Just transition in carbon-dependent regions (skills and deployment).	• 13 EU MS are eligible (Bulgaria, Czechia, Estonia, Greece, Croatia, Latvia, Lithuania, Hungary, Poland, Portugal, Romania, Slovenia, Slovakia). • MS submit an investment proposal -> EIB determines 'priority status' -> EC approves -> EIB distributes the funds -> MS implements the investment and reports back to the EC • MS decide the form of support they want to use (grants, premium, guarantee instruments, loans, etc.).
Social climate Fund (from 2026)	ETS allowances' auctions will generate revenues between €50 billion/year to €217 billion/year (depending on the carbon price).	The SCF aims at supporting vulnerable households, micro-enterprises and transport users who face high costs.	• MS must explain in their national social climate plans how they plan to use the funds to support vulnerable households (by June 2025). • Progressive distribution across countries to palliate to income differences between MS: redistribution of 1/3 of ETS2 revenues from high-income to low-income countries. • EU MS must contribute to additional 25% of the cost of their social climate plans, adding €87 billion.

About the Renovate Europe Campaign:

Renovate Europe is a political communications campaign calling on policymakers and stakeholders at all levels to take immediate, bold actions to rapidly accelerate the deep energy renovation of buildings in the EU to 3% per year, for the benefit of all. Accelerating the rate of renovation is a key tool in the fight against climate change, and will deliver major benefits for people, their quality of life, and the economy. www.renovate-europe.eu

#AccelerateRenovation

#PrioritisePeople

REC Partners (July 2025)

There are currently 50 partner companies and associations actively engaged in the work of the REC, of which 18 National Partners active in the Member States.



National Partners