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# Analysis of the use of Auction Revenues by the Member States

*Final Report*

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# **Analysis of the use of Auction Revenues by the Member States**

*Final Report*

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## Table of Contents

|   |  |           |
|---|--|-----------|
| <b>1.</b>   | <b>Introduction .....</b>  | <b>5</b>  |
| 1.1   | About auctioning of allowances.....  | 5         |
| 1.2   | Purpose of the study .....   | 6         |
| 1.3   | Structure of the report .....  | 7         |
| <b>2.</b>   | <b>Methodology.....</b>  | <b>8</b>  |
| 2.1   | Data collection .....  | 8         |
| 2.2   | Analysis and reporting.....  | 10        |
| 2.3   | Data limitations and challenges .....                                      | 11        |
| 2.4   | Issues identified with the reported data .....                             | 12        |
| <b>3.</b>   | <b>Use of auctioning revenues .....</b>                                    | <b>15</b> |
| 3.1   | Key headline totals .....  | 15        |
| 3.2   | Domestic and EU use of auction revenues.....                               | 18        |
| 3.3   | International use of auction revenues.....                                 | 19        |
| <b>4.</b>   | <b>Relative importance of the auctioning revenues.....</b>                 | <b>22</b> |
| 4.1   | Placing domestic revenue use in context.....                               | 23        |
| 4.2   | International climate finance .....  | 29        |
| 4.3   | Added value of auctioning revenues .....                                   | 32        |
| <b>5.</b>   | <b>Conclusions .....</b>   | <b>34</b> |
| 5.1   | Conclusions on the use of auctioning revenue .....                         | 34        |
| 5.2   | Conclusions on the reporting of auction revenue use (Article 17 MMR) ..... | 37        |
| <b>Appendices .....</b>   |  | <b>38</b> |
| Appendix 1: Questionnaire For Member States and Guidance note .....   |  | 38        |
| Appendix 2: Data collection from Member States .....                  |  | 42        |
| Appendix 3: Interview guide .....                                     |  | 44        |
| Appendix 4: Country Fiches.....                                       |  | 51        |
| Appendix 5: Overview of national circumstances.....                   |  | 53        |
| Appendix 6: Datasheet for report.....                                 |  | 58        |
| Appendix 7: Further detail on the reporting of auction revenues ..... |  | 59        |

## 1. Introduction

### 1.1 About auctioning of allowances

Auctioning is the default method of allocating allowances within phase 3 of the EU emissions trading system (EU ETS), as it is considered to be the simplest and the most economically efficient means of doing so in the absence of other mitigating factors.<sup>1</sup> Businesses therefore have to buy an increasing proportion of allowances through auctions.

Over 40% of the allowances were auctioned in 2013, and over the period 2013-2020, the proportion of auctioned allowances will increase (some sectors will also transition to auctioning).<sup>2</sup> The revenues from the auctioning of these allowances are therefore expected to be an ongoing and potentially increasing source of income for Member States in the coming years.

The EU ETS Directive (Directive 2003/87/EC) provides that at least 50% of the revenues generated from the auctioning of allowances (or the equivalent in financial value of these revenues) should be used to support the achievement of specific climate and energy activities.<sup>3</sup> This intention is further declared in a 2008 European Council Statement on the use of auctioning revenues.<sup>4</sup>

The EU ETS Directive (Article 10) lists the climate and energy objectives and/or measures on which the money should be spent. This includes, inter alia, the reduction of greenhouse gas emissions, the development of renewable energies, carbon capture and storage, energy efficiency (and related research and development) a shift to low-emission and public forms of transport and measures to avoid deforestation. The revenues may also be used to cover administrative expenses of the management of the ETS.

In addition to Article 10, Article 3(d) of Directive 2008/87/EC provides that auction revenues from allowances for aviation can be broadly spent for the same purposes as other auction revenues, but also "including in particular in the fields of aeronautics and air transport, to reduce emissions through low-emission transport and to cover the cost of administering the Community scheme".<sup>5</sup>

Member States must report annually on the use of these revenues, with the first report due by 31 July 2014. According to Article 17 of the Mechanism for Monitoring Regulation (Regulation 525/2013/EU hereafter 'MMR'), Member States report on the use of auctioning revenues in accordance with the tabular formats set out in Annex XIII to the implementing Regulation of 30 June 2014 (Regulation 749/2014/EU). In practice the information is submitted in an online form using the EIONET platform.<sup>6</sup>

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<sup>1</sup> Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Community

<sup>2</sup> [http://ec.europa.eu/clima/policies/ets/auctioning/index\\_en.htm](http://ec.europa.eu/clima/policies/ets/auctioning/index_en.htm)

<sup>3</sup> Article 10(3) Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC

<sup>4</sup> [https://ec.europa.eu/clima/policies/ets/auctioning/docs/council\\_statement\\_en.pdf](https://ec.europa.eu/clima/policies/ets/auctioning/docs/council_statement_en.pdf)

<sup>5</sup> Article 3(d) Directive 2008/87/EC.

<sup>6</sup> See the manual for the form on EIONET: cDMS:MMR-Art17-ReportingManual-v2

The total amount of revenues from the auctioning of EU ETS allowances amounted to approximately 3.7 billion EUR in 2013 and 3.2 billion EUR in 2014, rising to 4.9 billion EUR in 2015.<sup>7</sup> The reported data indicates that approximately 80% of the auctioning revenues were used by Member States for climate and energy purposes over the period 2013-2015.

## 1.2 Purpose of the study

The objective of the study "Analysis of the use of Auction Revenues by the Member States" commissioned by DG Climate Action is to collect and present additional information on how Member States use auctioning revenues, taking into account national circumstances. The reporting period in scope is 2013-2015.

Against this backdrop, the first aim of the study is to **improve the level of clarity and detail** on the reporting of how the EU ETS auctioning revenues are used. The information gathering exercise was designed to build on the existing reported data for the years 2013, 2014 and 2015 and complete any missing information. The study also sought to improve clarity on the flow of revenues (i.e. fully understand when revenues were generated and when they were committed or disbursed).

The second aim of the study is to **quantify the relative importance of the auction revenues** in terms of financing climate and energy related projects in each Member State, both domestically and internationally. There is currently only a limited picture of what role the auction revenues spent on climate and energy purposes play in the context of the programmes and projects to which they are contributing, and in comparison to other public funding sources for these climate and energy purposes.

The desired outcomes of the study therefore included:

- *Transparency of use of the auction revenues*  
Clear reporting on revenue use will increase understanding of public revenue flows and what sectors are benefiting. This might go some way to help understanding the long term stability of the revenue flows, an important factor for large-scale projects and programmes. Increased awareness of revenue flows may also have an impact on further funding of climate and energy purposes, including leveraging of investments from the private sector.
- *Comparability across Member States*  
The variety in national circumstances in the way in which the use of auction revenues is reported can make it challenging to compare how and when the revenues were used, and how important they are to each Member State. More standardised information will allow easier tracking of auction revenues, and will allow Member States to demonstrate where they have used more than 50% of auction revenues for climate and energy purposes.
- *Added value of the auction revenues*  
Information on how the auction revenues are supporting climate and energy purposes is useful to understand the extent to which this revenue source has an additional impact. The study looks for evidence of any new activities being funded, or activities which otherwise would have been funded to a lesser extent.

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<sup>7</sup> Information reported by Member States to fulfil the reporting obligation of Article 17 of the MMR.

### 1.3 Structure of the report

This draft final report presents the main findings of the study. The structure of the report is summarised below.

**Table 1 Overview of the report**

| Section  | Content  |
|--|--|
| <b>1. Introduction</b>                                   | A summary of the reporting obligation and objectives of the study  |
| <b>2. Methodology</b>                                    | A description of the methodology for data collection and analysis. Limitations of the data and key challenges are presented, as well as specific national circumstances                            |
| <b>3. Use of the auctioning revenues</b>                 | Overview of the use of auctioning revenues for climate and energy purposes. This includes totals per Member State and an overview of domestic and international use of the auction revenue         |
| <b>4. Relative importance of the auctioning revenues</b> | Findings on the relative importance of the auction revenues in financing climate and energy related projects and programmes in the EU Member States, both at a domestic and at international level |
| <b>5. Conclusions</b>                                    | Conclusions on reporting and use of the auctioning revenues  |
| <b>Appendices</b>  |  |

## 2. Methodology

### 2.1 Data collection

Data collection for the study took place between September-December 2016, and included:

- Compilation and screening of MMR Article 17 report submission (EIONET)
- Questionnaires sent to all 28 Member States on the basis of these reports
- Follow-up phone interviews with the national reporting contact in each Member State
- Supplementary desk research in order to contribute to the understanding of the key spending programmes and the relative importance of the ETS auction revenues.

All Member State **reports submitted (2013, 2014, 2015) were compiled** and screened in order to identify data gaps. Following the structure of the submitted reports, the data can be shown in 5 tables, each corresponding to the type of information collected.

**Table 2 Overview of the report submission structure**

| Data reported by Member States   | Table in report output (spreadsheet) |
|--|--------------------------------------|
| <b>Total revenues generated and used</b><br>Total revenues generated from the auctioning of allowances and used for the year X-1 <sup>8</sup> , including whether they were used for climate and energy purposes | Table 1                              |
| <b>Domestic use</b><br>Purpose and type of use of revenues from auctioning of allowances (including whether the revenues were used for purposes listed in Article 3d or 10).                                     | Table 2                              |
| <b>International use - overview</b><br>Total amount used for international climate and energy related purposes (to support developing countries and third countries other than developing countries)             | Table 3                              |
| <b>International use – multilateral</b><br>Use of revenues to support developing countries through multilateral channels   | Table 4                              |
| <b>International use – bilateral</b><br>Use of revenues to support developing countries through bilateral channels   | Table 5                              |

The submission data was first checked for inconsistent calculations or unclear data and the contractors identified the issues in all submissions that needed to be resolved. The main issues identified are described further in section 2.4.

In order to systematically assess the extent to which these issues affect the reports, a matrix table was developed to assess Member State reporting submissions based on a set of criteria. The assessment criteria included:

- Clarity of the calculations
- Detail in reporting the use of revenues from auctioning of allowances
- Detail in reporting the use of revenues for domestic purposes
- Detail in reporting revenues used for international purposes

<sup>8</sup> The report is submitted in year X, which refers to auctions revenues from year X-1.



- Clarity in reporting revenues carried over from previous years and disbursed in the current reporting year

At each stage of the assessment, Member States' notes or comments, including any clarification already requested by the Commission, were taken into account. The output of this screening process was a list of all Member States identifying what additional data collection or clarification was needed in each case.

**Questionnaires** (in excel format) were sent to each Member State for 2013, 2014 and 2015 following the structure of the officially reported information, and also asked additional questions on the reported purposes. To minimize burden on the Member States, the questionnaire were 'prefilled' with relevant existing information from the report submissions, as well as from any desk research conducted.

One questionnaire was sent per reporting year in order to be able to clarify issues in sufficient detail. A guidance note was also provided for the Member States to explain the questions being asked in each section of the questionnaire. An example of the questionnaire (for one of the reporting years) as well as the guidance sent to the Member States is provided in **Appendix 1**.

Building on the information already reported allowed the contractors to:

- Clarify and validate already reported information
- Pose additional questions related to the specific climate and energy purposes reported

Once the questionnaire responses were received by Member States, **follow-up phone interviews** were conducted to clarify any missing information, or account for any specific national circumstances which were difficult to capture in the questionnaire. An overview of the departments contacted per Member State can be found in **Appendix 2**.

The interviews were held with the competent national contact point for submission of Article 17 MMR reports and were of approximately one hour duration. They closely followed the structure of the questionnaire and were designed to be sufficiently flexible to capture some of the variety in national circumstances. However, key points covered in the interview were:

- *Discussion and validation of the information* already submitted in the report, and the additional questions posed in the questionnaire.
- *Collection of further contextual information* on national circumstances e.g. on the way in which Member States report the revenues, or reason as to why certain data is not available.
- *Collection of information on the relative importance of the auctioning revenues* in the national context. This was done in a targeted way, focusing on key areas of revenue use reported by the Member State e.g. identifying the total national expenditure on relevant categories for domestic use of revenue (e.g. energy research), or inquiring about other similar programmes/projects.

To prepare for the phone interview, supplementary **desk research** was conducted in order to contribute to the understanding of the key spending programmes and the relative importance of the ETS auction revenues in the context of each Member State (this relied on centralized pan-European information sources available in English).

In some cases the interview was supplemented by a further targeted email request. Some Member States preferred to give written responses rather than hold a phone interview. The interview guide that was used by members of the data collection team can be found in **Appendix 3**.

## 2.2 Analysis and reporting

The information collected from the questionnaire was compiled in two excel sheets:

- i) Compilation of all validated report information, designed to allow calculation of totals of revenue generation and use
- ii) Compilation of additional questions posed about the reported purposes. This allows further analysis on the added value and relative importance of the auction revenues.

The information collected from the submitted reports, the questionnaire, the interviews and the desk research is summarized in **Country fiches** (one per Member State). The fiches are designed to present information collected in a clear and visually attractive way. Each fiche has been sent to the Member State for fact-checking and validation. An overview of the fiche content is included below.

**Table 3 Overview of country fiche content**

|  |   |
|--|---|
| <b>MEMBER STATE</b>  |   |
| <b>TOTAL REVENUES (2013-2015) ['000 EUR]</b><br>Total revenues generated over the reporting period, in 000 EUR, as well as total amount of this revenue that was used for climate and energy purposes (within scope of Article 10 and 3d of Directive 2003/87/EC). | REVENUE USE FOR CLIMATE AND ENERGY PURPOSES, <b>SPLIT BETWEEN DOMESTIC AND INTERNATIONAL USE</b> (% of total amount used for climate and energy purposes)   |
| <b>OVERVIEW</b><br>Short summary of revenue use in the Member State, including headline totals and any specific national circumstances which should be taken into account.   |   |
| <b>DOMESTIC REVENUE USE ['000 EUR]</b><br>Information on domestic use of revenues (including figure showing the main 'type of use' categories as specified in Annex XIII to implementing Regulation 749/2014/EU)   | <b>KEY PROJECTS/PROGRAMMES/ACTIVITIES</b> <ul style="list-style-type: none"> <li>• Name of the programme/project/activity [Total amount in EUR of auction revenue use, relevant year]</li> <li>• Name of second programme/project/activity [Total amount in EUR of auction revenue use, relevant year]</li> <li>• Etc.</li> </ul> |
| <b>INTERNATIONAL REVENUE USE</b><br>For those Member States who reported international use of the revenue, a summary of the amount used is given. This includes the split between bilateral and multilateral use and main sectors targeted.                        |   |
| <b>RELATIVE IMPORTANCE/ADDED VALUE OF THE AUCTIONING REVENUES</b><br>Evidence on the relative importance of the revenues, summarising available information from the i) questionnaire, ii) interview and iii) supplementary desk research.                         |   |

The country fiches are included in **Appendix 4**, as well as a status on which ones have been validated by the Member States and which ones are pending approval or further input.

## 2.3 Data limitations and challenges

A number of challenges were encountered during data collection. These are outlined below, alongside a discussion on the limitations of the data collected.

**There is a relatively high variation in the level of detail of the responses received** from Member States. In our view, this is partly due to the pure variety in national circumstances (see **Appendix 5** for an overview of national circumstances and reporting challenges), and partly due to data availability from Member States. In some cases, Member States were unable to provide any further detail (e.g. at the level of programmes or projects) or were relying on figures collected from multiple stakeholders, and therefore could not provide further information within the time frame.

Furthermore, not all Member States fully completed the questionnaire, or were willing to conduct a follow-up telephone interview. In order to mitigate for this, data was accepted in written format and additional requests were made by email where the Member State preferred to communicate through written responses.

Overall, sufficient data was collected to confirm the majority of the revenue totals, and remaining clarifications are relatively minor. It should also be noted that the original information needs varied depending on the Member State. Qualitative information was also collected on specific national circumstances in order to understand the reason behind certain data gaps.

**In a number of Member States revenues from auctioning of allowances are not allocated to specific uses** (i.e. they are not 'earmarked'). In these cases the auction revenues are generally pooled into the national budget and redistributed. In consequence the Member States sometimes report the use of amounts of equivalent financial value or refer to their own published records of funding used for the same purposes as Article 10(3) and 3d of Directive 2003/87/EC. The reported projects are however representative to some extent of the main programmes for climate and energy in these Member States. A few specific measures were taken to address these issues (see section 2.4).

**Quantifying the relative importance of the auction revenues remains a key challenge** with the data collected. Using the questionnaire, data was collected on the programmes and funds to which auction revenues were contributing, with the aim of assessing the importance of the auction revenues relative to the programmes/funds to which they are contributing. However, the level of detail provided varied and not all Member States were able to provide the requested data.

However, the importance of the auction revenues, relative to other domestic and international funding of climate and energy measures, was also addressed using two other methods:

- The interview was used to gather information on the programmes and funds to which auction revenues were contributing. Interviewees were asked to provide information on the importance of the revenue stream in the context of the fund or the programme as well as provide an assessment of these key spending areas in the national context.
- Desk research was conducted in order to further put the auction revenue in context, e.g. additional information about the fund to which the revenues were contributing, and the importance of that fund relative to other climate and energy spending in the national context.

The contractors were therefore able to collect a variety of quantitative and qualitative information in order to build up a picture of the importance of auctioning revenues in the national context (including some examples of the added value of the revenues to climate and energy objectives). All information available is presented in the country fiches.

## 2.4 Issues identified with the reported data

The table in Appendix 5 (Overview of national circumstances) provides summary information on each Member state related to the reporting of auctioning revenues. It includes information on whether the auction revenues are allocated to a specific purpose ('earmarked'), the level of detail of the submitted reports, and a comment on any specific national circumstances.

The main issues with the reported data identified during the data collection process are summarized below. In many cases these issues are linked to specific national circumstances.

**Table 4 Overview of the issues identified in Member State Article 17 MMR reports**

| Issues identified  | Member States                                    |
|--|--|
| 1. Some Member States do not earmark the revenues in their budget.   | AT, DK, FI (partial), IE, LU, MT, NL, PL, SE, UK |
| 2. Detail on specific uses of the revenue is low as the revenue is channelled to climate and energy related expenditures with varying levels of details on programmes and projects | DK, FI, DE, EL, IE, HU, PL, RO, SI, SE           |
| 3. Specific revenue uses do not add up to the total of revenues used reported  | CY, CZ, DE, IT, LT, LV, PT, SK, SI, SE           |
| 4. Problems regarding the reporting of revenues carried over from previous years and disbursed in the reporting year.  | BG, CY, CZ, HU, IT, LV, MT, RO, SK, SI, ES       |

### 1. Some Member States do not earmark the revenues in their budget

In a number of Member States revenues from auctioning of allowances are not earmarked to be used for the purposes of Article 10(3) and 3d of Directive 2003/87/EC. In these cases the auction revenues are generally pooled into the national budget and redistributed. In consequence the Member States sometimes report the use of amounts of equivalent financial value or refer to their own published records of funding used for the same purposes as Article 10(3) and 3d of Directive 2003/87/EC. Member States which do not earmark yet reported specific projects have indicated that the projects were selected only to fulfil the reporting obligation under Article 17 of the MMR, therefore the sample of projects, programmes or activities is not representative of actual auctioning revenue spending. The reported projects are however representative to some extent of the main programmes for climate and energy in these Member States.

**Addressing the challenge:** Qualitative information was collected on the relative importance of the revenues in the national context even though no specific uses of the revenue were reported. Supplementary desk research was also conducted for these Member States to gain an understanding of the importance of the revenues relative to the budget of main projects, programmes or activities the countries support. In the calculation of total revenues used in Chapter 3, a use of 100% of the revenues for climate and energy purposes is assumed for these Member States, as they often report having much larger budgets for climate and energy than the sum of their revenues generated from auctioning of allowances.

**2. Detail on specific uses of the revenue is relatively low as the revenue is channelled to climate and energy related expenditures with varying levels of details on programmes and projects**

Member States report large sums of money being directed to funds or programmes with varying level of detail on specific projects that the revenues support. Some for example can refer to many projects with their locations and a link to the relevant website of the implementing agency or project, other Member States such as Denmark only designate relatively few delivery channels for the disbursement of their auctioning revenues.

**Addressing the challenge:** Where there was a lower level of detail on programmes and projects, additional information was sought using the questionnaire. In some cases information was available on what type of projects the fund targeted. For other Member States no further information was available. In these cases, the interview was used to seek further qualitative information. Specific project examples are included in the country fiches where available.

**3. Specific revenue uses do not add up to the total of revenues used reported**

In some Member States (and therefore when looking at totals over all Member States and all years), the summing of all specific revenue uses reported does not systematically add up to reported total used revenues. Based on our calculations, total reported used revenues are 5% higher than the sum of specific uses (approximately 825 million EUR).

One reason is that amounts reported under domestic spending sometimes reappear from one year to the next between 2013 and 2015 as commitments, or commitments and then (partial) disbursements. This leads to some double counting when aggregating the amounts over the years. The issue is less important or was clarified for revenues used to support third countries.

**Addressing the challenge:** The calculation of totals in Chapter 3 was verified in collaboration with the Member States to avoid double counting of revenue use. In particular this allowed the contractors to identify whether sums committed and/or disbursed needed to be accounted for each programme/year where there was a risk, and for all Member States. Where specific uses could not be linked to amounts from the revenues, Member States were asked to provide clarification. Revenue uses which were not specified were labelled as revenues for which use was not reported in the tables of section 3.

**4. Revenues carried over from previous years and disbursed in the reporting year.<sup>9</sup>**

Member States' different methods of accounting revenues carried over from previous years and disbursed in the current year can have an impact on the clarity of the total revenues used for climate and energy purposes. This was sometimes due to differences in how member states calculate the total of used revenues based on their definitions of 'committed' and 'disbursed'. Some member states included both committed and disbursed or only disbursed sums. This also increases the risk of 'double counting' of the use of some revenues.

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<sup>9</sup> This refers specifically to the data to be inserted in the reporting form under the heading 'Total amount of auctioning revenues generated or the equivalent in financial value committed in years before year x generated and not disbursed in the years before the year x and carried-over for disbursement in the year x'.

**Response:** Questions were posed both in the questionnaire and the interview in order to clarify the 'carry-over' figure. The data has been compiled and categorised according to the different interpretations of the Member States.<sup>10</sup> These include amounts which had been:

- Carried over from previous years and disbursed in the year n
- Carried-over from previous years and not disbursed
- Generated in the year n but not disbursed in the year n (carried over to the next years)

Due to the rather specific circumstances in each Member State, in each case it is necessary to understand how this figure has been interpreted, in order to understand its impact, if any, on the reported totals.

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<sup>10</sup> See the compiled spreadsheet in Appendix 5, tab 'headline totals'

### 3. Use of auctioning revenues

In this section we present the figures obtained from the data collection process on the use of the auctioning revenue. All data collected is processed in the spreadsheet appended to the report (**Appendix 6**). The spreadsheet contains the original data reported by the Member States, updated with figures and projects edited by the Member States via the questionnaire. The spreadsheet serves as a tool to aggregate and analyse the data.

This chapter includes an overview of:

- **Key headline totals:** presenting revenues generated, and share of the revenues generated the Member States reported as used or not used for climate and energy purposes.
- **Domestic and EU use:** presenting the main types of uses for domestic and EU purposes.
- **International use:** presenting (1) the main multilateral financial institutions and programmes supported by auctioning revenues, and (2) the main sectors financed bilaterally.

When considering the total amounts used for climate and energy purposes, it should be noted that a number of Member States do not earmark revenues from the auctioning of allowances for specific purposes.<sup>11</sup> The general approach taken was to include these Member States together with the other Member States in the analysis, rather than to exclude them – even though this may render some of the reported aggregate totals less accurate<sup>12</sup>. However, the impact on the headline totals reported is likely to be relatively low (in terms of the amount by which it skews the amount of total revenue) for a number of reasons:

- The majority of these Member States report a selection of real national climate and energy projects and programmes to fulfil the reporting obligation. It can be assumed that these reported purposes reflect the Member States' priorities in the area of energy and climate, were the auction revenue to have been earmarked for specific purposes.
- Some Member States who do not earmark revenues for specific purposes (NL, FI) did not report any projects or programmes, which means the revenue was categorised as 'not-reported' rather than 'used for climate and energy purposes'.

#### 3.1 Key headline totals

Member States have generated nearly 11.8 billion EUR from the auctioning of EU ETS allowances over the period 2013-2015,<sup>13</sup> of which approximately 82% has been used or is planned to be used for climate and energy purposes. Table 5 summarises generated and used revenues over the period. The total amount used for climate and energy purposes (9.65 billion EUR) includes both revenues disbursed and revenues committed (i.e. planned to be used).<sup>14</sup>

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<sup>11</sup> (AT, DK, FI (in 2015 only), IE, LU, MT, NL, PL, SE, UK).

<sup>12</sup> Assuming a 100% use of the auction revenue for climate and energy purposes.

<sup>13</sup> This figure also includes some revenues from 2012.

<sup>14</sup> Member States defined 'disbursed' and 'committed' in the reports they submitted, but it does mean that in some cases committed revenue has not yet been spent.

**Table 5: Overview of auctioning revenues generated and used or planned to be used (in 000 EUR)**

| Year         | Total revenues generated | Total used for climate and energy <sup>15</sup> | Total share used for climate and energy (%) |
|--------------|--------------------------|---|---|
| 2013         | 3,684,415                | 3,004,439                                       | 82%   |
| 2014         | 3,210,184                | 2,693,267                                       | 84%   |
| 2015         | 4,922,587                | 3,956,357                                       | 80%   |
| <b>Total</b> | <b>11,817,186</b>        | <b>9,654,063</b>                                | <b>82%</b>                                  |

Table 6 presents the use of auctioning revenues split between domestic/EU and international purposes. Over the period 2013-2015, on average 67% of the revenues generated were used for domestic/EU climate and energy purposes, while 8% were used for international climate and energy purposes.

In addition, 14% of the revenues on average were not used for climate and energy, or simply not used at all (e.g. Belgium's 353 million EUR of revenues have not yet been used but are planned to be). Lastly, 11% of the revenues were reported as used yet it was not clarified what were their specific purpose. The latter figure is in some cases due to the fact that revenues were sometimes committed by national legislation (e.g. placed into a special fund for climate and/or energy) but not yet used. Another reason is that in some Member States where revenues were not earmarked, no projects were reported which could indicate a potential use of the revenues.<sup>16</sup> This is a relatively large sub-category of revenue uses 'not reported', as it represents about 40% of total revenues with no reported specific use.

As described in section 2.4 on issues identified with the reported data, the sum of revenues reported for specific projects does not equal the total sum of revenues reported as used for climate and energy purposes by about 825 million EUR<sup>17</sup>. This is because the summing of all specific domestic and international revenue uses reported does not always add up to reported total used revenues.

**Table 6: Overview of the reporting of auction revenue use between 2013-2015 (amount in 000 EUR; % share of total revenue generated)**

| Year         | Total used for domestic and EU climate and energy purposes | % share    | Total used for international climate and energy purposes | % share   | Total not used for climate and energy purposes | % share    | Total revenue use not reported | % share    |
|--------------|--|------------|--|-----------|--|------------|--------------------------------|------------|
| <b>2013</b>  | 2,322,428  | 63%        | 529,334  | 14%       | 523,385  | 14%        | 309,268                        | 8%         |
| <b>2014</b>  | 2,227,794  | 69%        | 284,413  | 9%        | 417,142  | 13%        | 280,835                        | 9%         |
| <b>2015</b>  | 3,380,583  | 69%        | 84,139   | 2%        | 755,165  | 15%        | 702,699                        | 14%        |
| <b>Total</b> | <b>7,930,805</b>   | <b>67%</b> | <b>897,886</b>   | <b>8%</b> | <b>1,695,692</b>                               | <b>14%</b> | <b>1,292,803</b>               | <b>11%</b> |

<sup>15</sup> The sum of revenues reported as used or planned to be used is as reported by the Member States in their original reports pertaining to Article 17 of the MMR. Some amounts were updated by the Member States in the questionnaire filled for this study.

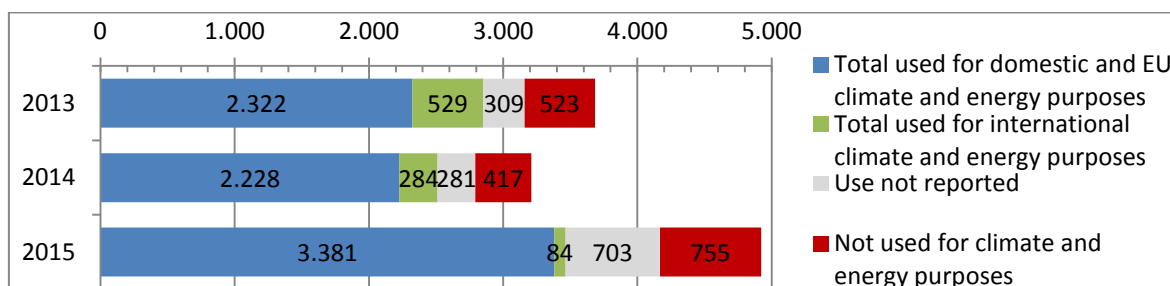
<sup>16</sup> Although earmarking prevents the use of revenues for specific purposes, some Member States still reported example projects corresponding to purposes specified in Article 10 of the EU ETS Directive 2003/87/EC.

<sup>17</sup> i.e. the difference between the sum of 7.9 billion euros (domestic) and the international reported purposes (210 million EUR multilateral, 359 million EUR bilateral and 329 million unspecified international) and the total reported (9.65 bn EUR).



Figure 1 shows the same reported revenue amounts within these categories (domestic and EU climate and energy purposes, international climate and energy purposes, not used for climate and energy purposes, revenue use not reported).

**Figure 1 Overview of the reporting of revenues split between domestic and EU purposes, international purposes, and revenue uses not reported (mn EUR)**

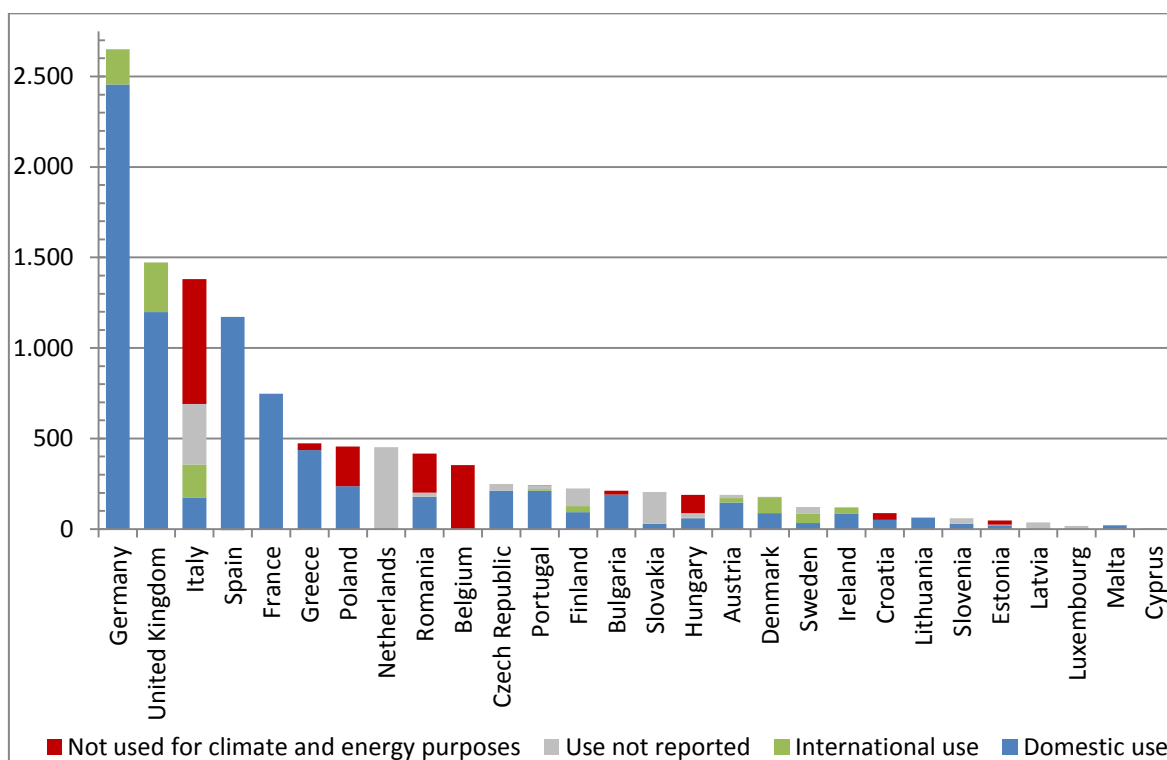


Overall, **82% of revenues were used for climate and energy purposes<sup>18</sup>**. The split between revenues used for **domestic and EU purposes** compared to revenues used for **international climate finance** is about 90%/10%. Some 14% of the revenues were **not used for climate and energy**, and **no specific purpose was reported** for 11% of the revenues used.

Figure 2 shows the breakdown per Member State over the period 2013-2015. Table 18 in **Appendix 7**) provides more detail on the reported amount of revenues generated and used, or not used/use not reported for each Member State, per year.

<sup>18</sup> This total of 82% of revenues used for climate and energy purposes includes two key assumptions a) it includes revenues which in some Member States auction revenues had been legally committed to be used for climate and energy purposes due to national legislation in place, but had not yet been spent at the time of reporting b) In some Member States which do not earmark revenues for specific purposes (AT, DK, FI (in 2015 only), IE, LU, MT, NL, PL, SE, UK) but who complied with the reporting exercise a 100% use of the auction revenue for climate and energy purposes is assumed.

**Figure 2: Overview of the use of auctioning revenues per Member State - total 2013-2015 (000 EUR)**



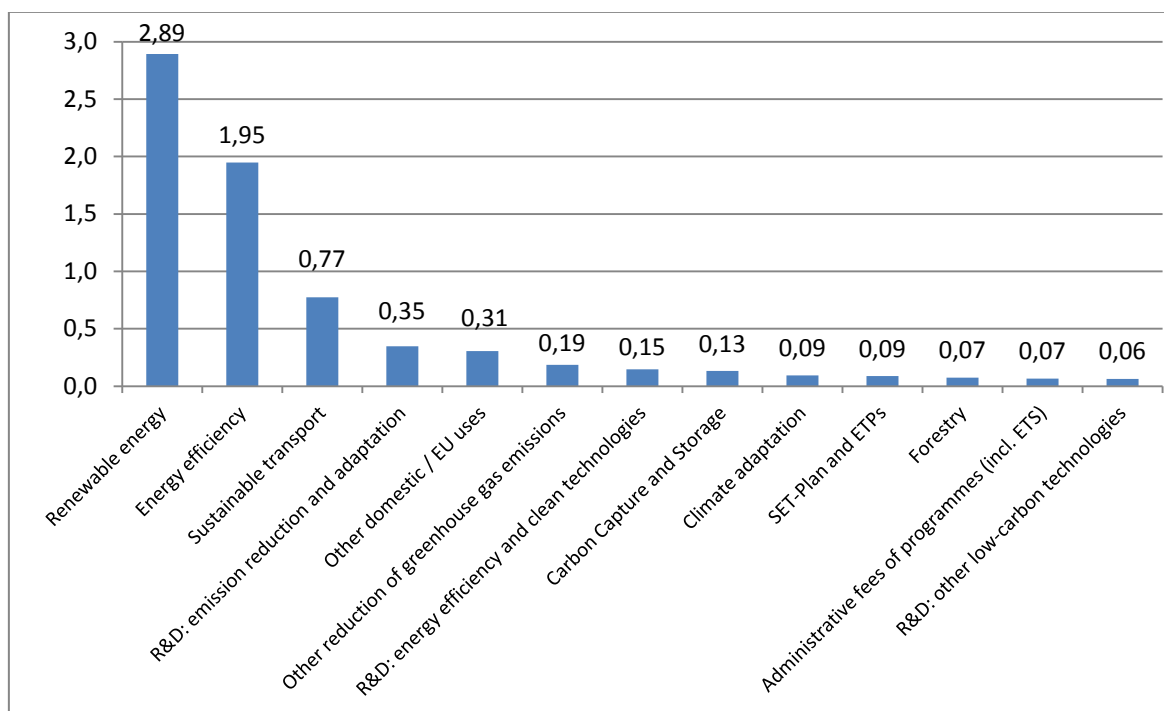
Due to specific national circumstances, a number of assumptions are made in the calculation of total revenue use:

- Any amount for which no specific programme, project or activity allows to identify the use is labelled as 'use not reported'.
- National legislation, which stipulates whether revenues must be used at 50% or 100% for climate and energy related purposes is taken into account.<sup>19</sup> For example, if a Member State has legislation in place providing for a minimum use of its auction revenues of 50%, but reports a lower percentage, the difference is accounted for as 'not reported'.
- If the sum of revenues reported as used for domestic or international purposes exceeds revenues planned to be used, the figure becomes negative 'over-reported'. This permits the deduction any spending which could not have originated from the revenues due to exceeding their amount.

### 3.2 Domestic and EU use of auction revenues

In total, Member States have reported using 7.9 billion euros on climate and energy projects and programmes of domestic and EU interest over the period 2013-2015. Figure 3 shows the reported use per type of use category across all years. The chart gives an indication of which type of use categories received most of the revenues generated.

<sup>19</sup> Information regarding national legislation for the earmarking of revenues was collected using the questionnaire to Member States, in particular in cases where the share of the revenues used was below 50%.

**Figure 3: Use of auctioning revenues by category of domestic and EU spending between 2013-2015 (bn EUR)<sup>20</sup>**

The most important revenue use categories are renewable energy (2.89 billion EUR, or 40.6% of total revenue use) and energy efficiency related spending (1.95 billion euros, or 27.4%), followed by sustainable transport (774 million EUR, or 10.9%). Under 'Other domestic / EU uses' are large money transfers into larger budgets and often earmarked for climate and energy purposes (e.g. Bulgaria transferred 25.6 million EUR to its Ministry of Environment and Water in 2015, Hungary transferred 17.3 million EUR to its Central Budget in 2013), as well as other uses. The largest share of 'Other domestic/EU uses' is accounted for by Germany, which in 2014-2015 used 237.3 million EUR to compensate energy intensive companies for increases in energy prices due to emission trading.<sup>21</sup> More detail can be found in the German country fiche in Appendix 4.

### 3.3 International use of auction revenues

Member States reported channelling **898 million EUR for international climate finance**. This includes **210 million EUR to multilateral financial institutions and programmes** and **359 million EUR via bilateral funding** over the period 2013-2015. Some Member States also reported international spending for a total of 329 million EUR, but could not specify where the money was channelled due to lack of data. The split between reporting of international multilateral and bilateral uses of auction revenues is presented in turn below.

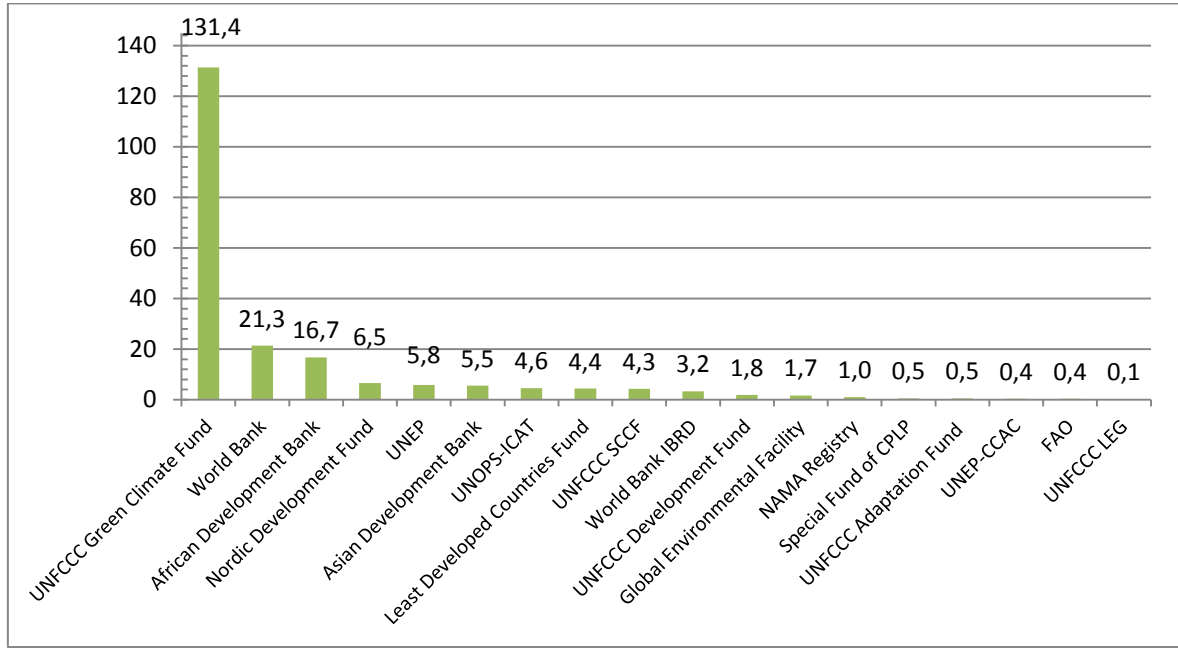
Ten Member States reported channelling their revenues via multilateral channels include Austria, Estonia, Germany, Hungary, Ireland, Italy, Lithuania, Malta, Portugal

<sup>20</sup> Some types of use categories had to be recoded in order to identify one single type of use where there were several. This exercise was conducted jointly with the Member States. In some cases, the consultants had to make the choice based on the description of the project, programme or activity.

<sup>21</sup> This is one of the activities of the German Special Fund for Energy and Climate (EKFG) to which the auction revenues are channelled and is therefore included within the EKFG fund for reporting purposes.

and Sweden<sup>22</sup>. Figure 4 shows the amounts of auction revenue committed and disbursed to each international (multilateral) fund. The main recipient fund for the revenues is the UNFCCC Green Climate Fund, with approximately 131 million EUR of auction revenue channelled to the fund by the Member States between 2013 and 2015.

**Figure 4: Use of auctioning revenues towards multilateral financial institutions and programmes over the period 2013-2015 (mn EUR)**



**Total bilateral reported revenue use amounts to 359 million EUR.** In the table below, the amounts spent are presented for each sector funded bilaterally by the Member States using their auctioning revenues for these purposes. A number of countries reported international spending but were unable to provide any further detail, meaning the sector was classified as 'not reported'.

<sup>22</sup> Although Austria, Germany, Ireland and Sweden reported spending via multilateral channels, the reporting did not identify specific international programmes. This amounts to 195 million euros.

**Table 7: Reported bilateral spending of auctioning revenues to support third countries (000 EUR)**

| Member State         | AT            | EE         | IE            | IT            | LT         | PT           | UK             | Total          |
|----------------------|---------------|------------|---------------|---------------|------------|--------------|----------------|----------------|
| Energy & Transport   |               |            |               |               |            |              | 275,021        | <b>275,021</b> |
| Cross-cutting        | 500           | 200        | 5,855         | 18,000        |            | 2,988        |                | <b>27,543</b>  |
| Water and sanitation | 11,000        |            | 1,875         |               |            | 1,291        |                | <b>14,166</b>  |
| Agriculture          | 300           | 323        | 11,978        |               |            |              |                | <b>12,601</b>  |
| Other                |               |            | 10,818        |               |            | 150          |                | <b>10,968</b>  |
| Energy               | 1,300         | 100        | 1,518         |               | 239        | 5,494        |                | <b>8,651</b>   |
| Forestry             | 2,500         |            | 500           |               |            |              |                | <b>3,000</b>   |
| Energy efficiency    | 2,000         |            |               |               |            |              |                | <b>2,000</b>   |
| Adaptation           | 1,500         |            |               |               |            |              |                | <b>1,500</b>   |
| Education            | 825           |            |               |               |            |              |                | <b>825</b>     |
| <b>Total</b>         | <b>19,925</b> | <b>623</b> | <b>32,544</b> | <b>18,000</b> | <b>239</b> | <b>9,923</b> | <b>275,021</b> | <b>356,275</b> |

## 4. Relative importance of the auctioning revenues

The study aimed to assess the relative importance of the ETS allowances revenues in financing climate and energy related projects and programmes in the EU Member States, both at a domestic and at international level.

The research conducted had a dual purpose: (a) placing **domestic revenues in context** and estimating their relative importance in complementing expenditure for domestic climate and energy purposes, (b) estimating the relative importance of auctioning revenues in **international climate finance**.

The analysis relied on data collected from various sources. A questionnaire was sent to the Member States with the aim of collecting information concerning the overall domestic and international expenditure for climate and energy purposes, as well as data concerning the total and annual budgets of specific programmes and projects for which the use of auctioning revenues was reported by the Member States. The data collected via the questionnaire was complemented with information collected through interviews and desk research for each of the EU Member States. Some key sources for data collection and for identifying important national climate and energy funds and actions and to put the auction revenues in context included:

**Table 8: Additional sources of information on international climate and energy funding**

| Data source  | Information on national climate and energy funding sources                                       |
|--|--|
| <b>IEA Policies and Measures database</b>                          | Information on energy efficiency, emissions reduction and renewable energy policies and measures |
| <b>COWI (2016), Mainstreaming of climate action into ESI Funds</b> | Information on the share of ESI funds allocated to climate purposes                              |
| <b>Regional policy (DG REGIO) research data<sup>23</sup></b>       | European Structural and Investment Funds 2014-2020, categorisation data                          |
| <b>OECD Climate Fund Inventory</b>                                 | Qualitative database of bilateral and multilateral public climate funds.                         |
| <b>Climate Finance in 2013-2014<sup>24</sup></b>                   | Aggregate international climate finance flows  |

The analytical approach towards assessing the relative importance of auctioning revenues therefore used a mixture of quantitative and qualitative data, depending on data availability across the Member States. Member States that do not earmark revenues have been included in the analysis.

The estimates (derived from the data reported by the Member States) for the relative importance of auctioning revenues should be considered as partial and indicative, with varying degrees of data coverage having been available across the Member States. To the extent possible, conclusions have been drawn about the relative importance of auction revenues for domestic and international climate and energy financing purposes. The results are presented in the following sections.

<sup>23</sup> [http://ec.europa.eu/regional\\_policy/en/policy/evaluations/data-for-research/](http://ec.europa.eu/regional_policy/en/policy/evaluations/data-for-research/)

([http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/data/esif\\_categorisation\\_2014-2020.xls](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/data/esif_categorisation_2014-2020.xls))

<sup>24</sup> <http://www.oecd.org/env/cc/Climate-Finance-in-2013-14-and-the-USD-billion-goal.pdf>

## 4.1 Placing domestic revenue use in context

The assessment of the relative importance of ETS allowances auction revenues for funding climate and energy initiatives was performed in two steps by:

- Comparing the total amounts of ETS allowances auction revenues channelled for domestic energy and climate purposes with other EU sources of funding which are targeted to support similar purposes, i.e. the European Structural and Investment Funds (ESIF)
- Estimating the relative contribution made by ETS allowances auction revenues to specific programmes/projects/activities funded domestically for climate and energy purposes.

The results of the analysis are presented in the following.

### 4.1.1 Relative importance of auctioning revenues in wider EU context of financing climate and energy

Auctioning revenues are only one of the financing streams for climate and energy purposes in the EU Member States. Another important source of public funding for such purposes is the European Structural and Investment Funds (ESIF).

The ESI funds constitute one of the most important sources of public funding for energy efficiency, renewable energy and climate action for EU Member States. According to a recent report<sup>25</sup>, the ESI funds allocate as much as 25% of their support to climate action, including climate adaptation and climate mitigation. In comparison to the total amount dedicated to climate action under the ESI funds (i.e. approximately 111 billion EUR), the total auction revenues reported as used for climate and energy purposes represent 7.9 billion EUR, as presented in the table below.

**Table 9: ESI funds<sup>26</sup> for climate action compared to auction revenues used for domestic purposes (million EUR)**

| Fund  | ERDF     | CF       | ESF     | EAFRD    | EMFF    | Total            |
|---|----------|----------|---------|----------|---------|------------------|
| <b>Total support (mn EUR)</b>                                     | 187,469  | 63,393   | 82,223  | 98,619   | 5,749   | <b>437,453</b>   |
| <b>Total climate action (%)</b>                                   | 19.1%    | 27.8%    | 1.4%    | 57.1%    | 17.7%   | <b>N/A</b>       |
| <b>Total climate action support (mn EUR)</b>                      | 35,806.6 | 17,623.3 | 1,151.1 | 56,311.4 | 1,017.6 | <b>111,910.0</b> |
| <b>Total auction revenues used for domestic purposes (mn EUR)</b> | N/A      | N/A      | N/A     | N/A      | N/A     | <b>7,930.8</b>   |

Source: COWI (2016), Mainstreaming of climate action into ESI Funds

Note: Total climate action support is calculated on the basis of the total support (million EUR) presented in the report and the total share (%) dedicated to climate action.

In terms of comparability of the data, it should be noted that the ESI funds estimates presented above encompass all areas of relevance for climate action, some of which may not have full relevance when it comes to channelling auction revenues domestically.

Thus, for a more precise comparison, aggregate amounts dedicated for specific priorities for renewable energy and energy efficiency under the ERDF and CF were compared to domestic revenues used for energy efficiency and renewable energy purposes. The results are presented in the table below.

<sup>25</sup> COWI (2016), Mainstreaming of climate action into ESI Funds.

<sup>26</sup> The ESI Funds included in the analysis the European Regional Development Fund, Cohesion Fund, European Social Fund, European Agricultural Fund for Rural Development, European Maritime and Fisheries Fund.

**Table 10: Contribution of ETS auctioning revenues and ESI funds (ERDF and CF) for funding domestic energy efficiency and renewable energy (absolute value in 000 EUR)**

| MS            | Energy Efficiency       |                         |                                      |                                   |   | Renewable energy         |                          |                           |                                    |  | Energy efficiency and Renewable energy |                             |                                |   |   |     |     |     |
|---------------|-------------------------|-------------------------|--------------------------------------|-----------------------------------|---|--------------------------|--------------------------|---------------------------|------------------------------------|--|--|-----------------------------|--------------------------------|---|---|-----|-----|-----|
|               | ESIF for EE [2014-2020] | ESIF for EE avg. 3 year | ETS revenues domestic EE (2013-2015) | ESIF contribution to financing EE | ETS auction revenues contribution to financing EE | ESIF for RES [2014-2020] | ESIF for RES avg. 3 year | ETS revenues domestic RES | ESIF contribution to financing RES | ETS auction revenues contribution to financing RES | ESIF for RES and EE [2014-2020]        | ESIF for EE+RES avg. 3 year | ETS revenues domestic RES + EE | ESIF contribution to financing RES + EE | ETS auction revenues contribution to financing RES + EE |     |     |     |
| Austria       | 80,823                  | 34,639                  | 92,177                               | *                                 | 27%   | 73%                      | N/A                      | N/A                       | 48,015                             | N/A  | N/A                                    | 80,823                      | 34,639                         | 140,192                                 | *   | 20% | 80% |     |
| Belgium       | 139,594                 | 59,826                  | N/A                                  |                                   | N/A   | N/A                      | 22,131                   | 9,485                     | N/A                                | N/A  | N/A                                    | 161,725                     | 69,311                         | N/A                                     |   | N/A | N/A |     |
| Bulgaria      | 502,623                 | 215,410                 | N/A                                  |                                   | N/A   | N/A                      | N/A                      | N/A                       | 137,451                            | N/A  | N/A                                    | 502,623                     | 215,410                        | 137,451                                 | *   | 61% | 39% |     |
| Croatia       | 519,811                 | 222,776                 | 41,469                               | *                                 | 84%   | 16%                      | 95,000                   | 40,714                    | 1,619                              | *  | 96.18%                                 | 4%                          | 614,811                        | 263,490                                 | 43,088  | *   | 86% | 14% |
| Cyprus        | 45,000                  | 19,286                  | N/A                                  |                                   | N/A   | N/A                      | N/A                      | N/A                       | 2,000                              | N/A  | N/A                                    | 45,000                      | 19,286                         | 2,000                                   | *   | 91% | 9%  |     |
| Czech Rep.    | 2,134,404               | 914,745                 | 155,431                              | *                                 | 85%   | 15%                      | 53,439                   | 22,903                    | 53,809                             | *  | 29.86%                                 | 70%                         | 2,187,843                      | 937,647                                 | 209,240   | *   | 82% | 18% |
| Denmark       | 41,452                  | 17,765                  | N/A                                  |                                   | N/A   | N/A                      | N/A                      | N/A                       | N/A                                | N/A  | N/A                                    | 41,452                      | 17,765                         | N/A                                     |   | N/A | N/A |     |
| Estonia       | 237,543                 | 101,804                 | 15,485                               | *                                 | 87%   | 13%                      | 9,574                    | 4,103                     | 5,161                              | *  | 44.29%                                 | 56%                         | 247,117                        | 105,907                                 | 20,646  | *   | 84% | 16% |
| Finland       | 129,816                 | 55,636                  | N/A                                  |                                   | N/A   | N/A                      | N/A                      | N/A                       | N/A                                | N/A  | N/A                                    | 129,816                     | 55,636                         | N/A                                     |   | N/A | N/A |     |
| France        | 833,287                 | 357,123                 | 746,708                              | *                                 | 32%   | 68%                      | 423,191                  | 181,368                   | N/A                                | N/A  | N/A                                    | 1,256,478                   | 538,491                        | 746,708                                 | *   | 42% | 58% |     |
| Germany       | 1,623,409               | 695,747                 | 512,071                              | *                                 | 58%   | 42%                      | 101,586                  | 43,537                    | 109,781                            | *  | 28.40%                                 | 72%                         | 1,724,996                      | 739,284                                 | 621,852   | *   | 54% | 46% |
| Greece        | 557,783                 | 239,050                 | N/A                                  |                                   | N/A   | N/A                      | 93,563                   | 40,099                    | 436,396                            | *  | 8.42%                                  | 92%                         | 651,347                        | 279,149                                 | 436,396   | *   | 39% | 61% |
| Hungary       | 1,245,027               | 533,583                 | 29,133                               | *                                 | 95%   | 5%                       | 875,954                  | 375,409                   | N/A                                | N/A  | N/A                                    | 2,120,980                   | 908,992                        | 29,133                                  | *   | 97% | 3%  |     |
| Ireland       | 84,500                  | 36,214                  | 30,960                               | *                                 | 54%   | 46%                      | N/A                      | N/A                       | 699                                | N/A  | N/A                                    | 84,500                      | 36,214                         | 31,659                                  | *   | 53% | 47% |     |
| Italy         | 2,072,268               | 888,115                 | 95,105                               | *                                 | 90%   | 10%                      | 199,953                  | 85,694                    | N/A                                | N/A  | N/A                                    | 2,272,221                   | 973,809                        | 95,105                                  | *   | 91% | 9%  |     |
| Latvia        | 338,404                 | 145,030                 | N/A                                  |                                   | N/A   | N/A                      | 26,597                   | 11,399                    | N/A                                | N/A  | N/A                                    | 365,001                     | 156,429                        | N/A                                     |   | N/A | N/A |     |
| Lithuania     | 728,338                 | 312,145                 | 35,801                               | *                                 | 90%   | 10%                      | 329,868                  | 141,372                   | 25,365                             | *  | 84.79%                                 | 15%                         | 1,058,206                      | 453,517                                 | 61,166  | *   | 88% | 12% |
| Luxembourg    | 3,611                   | 1,548                   | N/A                                  |                                   | N/A   | N/A                      | 1,805                    | 774                       | N/A                                | N/A  | N/A                                    | 5,416                       | 2,321                          | N/A                                     |   | N/A | N/A |     |
| Malta         | 14,995                  | 6,426                   | 639                                  | *                                 | 91%   | 9%                       | 31,127                   | 13,340                    | 19,924                             | *  | 40.10%                                 | 60%                         | 46,122                         | 19,767                                  | 20,563  | *   | 49% | 51% |
| Netherlands   | 58,540                  | 25,089                  | N/A                                  |                                   | N/A   | N/A                      | 12,533                   | 5,371                     | N/A                                | N/A  | N/A                                    | 71,073                      | 30,460                         | N/A                                     |   | N/A | N/A |     |
| Poland        | 3,548,212               | 1,520,662               | 98,833                               | *                                 | 94%   | 6%                       | 938,929                  | 402,398                   | 53,012                             | *  | 88.36%                                 | 12%                         | 4,487,141                      | 1,923,060                               | 151,845   | *   | 93% | 7%  |
| Portugal      | 1,162,697               | 498,299                 | N/A                                  |                                   | N/A   | N/A                      | 159,000                  | 68,143                    | 183,207                            | *  | 27.11%                                 | 73%                         | 1,321,697                      | 566,442                                 | 183,207   | *   | 76% | 24% |
| Romania       | 1,353,713               | 580,163                 | N/A                                  |                                   | N/A   | N/A                      | 94,787                   | 40,623                    | N/A                                | N/A  | N/A                                    | 1,448,500                   | 620,786                        | N/A                                     |   | N/A | N/A |     |
| Slovakia      | 960,311                 | 411,562                 | 29,953                               | *                                 | 93%   | 7%                       | 169,000                  | 72,429                    | N/A                                | N/A  | N/A                                    | 1,129,311                   | 483,991                        | 29,953                                  | *   | 94% | 6%  |     |
| Slovenia      | 309,851                 | 132,793                 | 7,000                                | *                                 | 95%   | 5%                       | 12,000                   | 5,143                     | 7,279                              | *  | 41.40%                                 | 59%                         | 321,851                        | 137,936                                 | 14,279  | *   | 91% | 9%  |
| Spain         | 2,070,045               | 887,162                 | N/A                                  |                                   | N/A   | N/A                      | 649,661                  | 278,426                   | 1,054,311                          | *  | 20.89%                                 | 79%                         | 2,719,706                      | 1,165,588                               | 1,054,311   | *   | 53% | 47% |
| Sweden        | 97,295                  | 41,698                  | N/A                                  |                                   | N/A   | N/A                      | 5,120                    | 2,194                     | 9,198                              | *  | 19.26%                                 | 81%                         | 102,415                        | 43,892                                  | 9,198   | *   | 83% | 17% |
| UK            | 538,220                 | 230,666                 | 71,995                               | *                                 | 76%   | 24%                      | 421,143                  | 180,490                   | 746,634                            | *  | 19.47%                                 | 81%                         | 959,363                        | 411,156                                 | 818,629   | *   | 33% | 67% |
| <b>Total*</b> |                         | 6,399,000               | 1,962,759                            |                                   | 77%   | 23%                      |                          | 1,242,863                 | 2,705,696                          |  | 31.48%                                 | 69%                         |                                | 10,257,666                              | 4,856,620   |     | 68% | 32% |



*Notes: The data for CF and ERDF for the specific priority objectives<sup>27</sup> was aggregated. The aggregated data was for a 7 year period and annual data was not available. Thus, an average 3-year amount was calculated on the basis of the total allocations. This was done in order to ensure comparability with the amounts for auctioning revenues (3 year period).*

*The (Total\*) equals the sum of values where both auction revenues values and figures concerning finance from ESI funds were available for specific Member States.*

As can be seen in Table 10, at an overall level, the amount of allocations from ESIF (ERDF and CF) over a 3 year average is higher than the amount of auctioning revenues reported for domestic use for renewable energy and energy efficiency over the period 2013-2015.

In the case of energy efficiency, the estimated amount committed through ERDF and CF (average for a 3 year period) (6.4 billion EUR) was much higher than the value of the auctioning revenues that were used domestically for energy efficiency purposes (almost 2 billion EUR). Only in the case of Austria and France, the auctioning revenues channelled for energy efficiency purposes were higher than the amounts committed from the ERDF and CF. This can serve as an indication of the importance of auctioning revenues in financing energy efficiency purposes in the Member States.

In the case of renewable energy, the value of auctioning revenues reported to be used for the development of renewable energies (2.89 billion EUR) is estimated to be higher than what was committed through the ERDF and CF (1.2 billion EUR). Only in the case of Croatia, Luxembourg and Poland the value of the auctioning revenues used for renewable energy purposes was lower than what was committed for renewable energy from the ERDF and CF. This supports the conclusion that auctioning revenues have made an important contribution to funding renewable energy (in terms of centralised 'EU funding') when compared to other similar sources of funding.

#### **4.1.2 Relative importance of auction revenues for specific programmes/ projects/ actions**

The methodology applied for estimating the relative contribution made by ETS allowances revenues to specific domestic climate and energy programmes/ projects/ actions relied on data collected via a questionnaire to Member States, complemented with follow up interviews and desk research.

The research conducted had the aim of collecting data on the total budgets of domestic programmes/projects/actions where the use of auctioning revenues had been reported. The relative contribution that auctioning revenues made to the total budgets of specific programmes/projects/actions was then inferred on the basis of the figures. However, data quality and completeness proved to be sporadic across the Member States.

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<sup>27</sup> The priority areas included are: For RES: 009 Renewable energy: wind; 010 Renewable energy: solar; 011 Renewable energy: biomass; 012 Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (including storage, power to gas and renewable hydrogen infrastructure). For EE: 013 Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures; 014 Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures; 015 Intelligent Energy Distribution Systems at medium and low voltage levels (including smart grids and ICT systems); 016 High efficiency co-generation and district heating; 068 Energy efficiency and demonstration projects in SMEs and supporting measures; 069 Support to environmentally-friendly production processes and resource efficiency in SMEs; 070 Promotion of energy efficiency in large enterprises.

Therefore, interviews with the national reporting contact were used to collect further information. Questions included the following aspects:

- Importance of the contribution which auction revenues make to the specific area of climate and energy spending (e.g. renewables, energy efficiency, cross-cutting purposes);
- Importance of the programme/project/activity in the context of total national expenditure on the key areas of climate and energy, or the identification of further information sources;

In Member States where auction revenues were earmarked, the contribution made by the revenues to programmes or projects reported by Member States could be inferred on the basis of the total budget of the programmes or projects for specific years. The results of the analysis do not offer an exhaustive overview of all programmes and projects to which auction revenues contributed but they are, nonetheless, indicative of the relative importance of auction revenues for specific projects.

The examples presented below indicate that several programmes or projects are funded in their entirety with auction revenues, for example in the Czech Republic. In other Member States (Bulgaria, Cyprus, Portugal, Spain) auction revenues have made a significant contribution to specific projects having provided between 60-90% of the total budgets of specific programmes or projects. However, in many cases, auction revenues account for only a very small share of the total that the Member State has allocated to certain programmes.

In some Member States e.g. Portugal (Portuguese Carbon Fund) and Germany (EKFG), the auction revenues make a significant contribution to an overall fund designed to target climate and energy purposes.

Considering the type of use, it can be observed that in several Member States auctioning revenues have made an important contribution to specific programmes and projects dedicated to promoting renewable energy or increasing energy efficiency, as well as to programmes and projects dedicated to ensuring low-emission sustainable transport.

**Table 11: Examples of contributions made by auction revenues to domestic programmes, projects and actions**

| Member State    | Year        | Purpose for which revenues were used domestically<br>[Type of use]                       | Auction revenues<br>[000 EUR] | Total budget<br>[000 EUR] | % share of auctioning revenues of total | Auctioning revenues contribution per period per programme |
|-----------------|-------------|--|-------------------------------|---------------------------|---|---|
| <b>Bulgaria</b> | <b>2013</b> | Support for Renewable Energy (Compensation mechanism)<br>[Renewable energy]              | 51,294                        | 250,275                   | 20%                                     | 12%   |
| <b>Bulgaria</b> | <b>2014</b> | Support for Renewable Energy (Compensation mechanism)<br>[Renewable energy]              | 20,605                        | 410,837                   | 5%                                      |   |
| <b>Bulgaria</b> | <b>2015</b> | Support for Renewable Energy (Compensation mechanism)<br>[Renewable energy]              | 65,552                        | 474,328                   | 14%                                     |   |
| <b>Bulgaria</b> | <b>2014</b> | National Programme for energy efficiency of residential buildings<br>[Energy efficiency] | 15,587                        | 511,292                   | N/A                                     | 11%   |
| <b>Bulgaria</b> | <b>2015</b> | National Programme for energy efficiency of residential buildings<br>[Energy efficiency] | 25,662                        |                           | N/A                                     |   |
| <b>Bulgaria</b> | <b>2016</b> | National Programme for energy efficiency of residential buildings<br>[Energy efficiency] | 13,023                        |                           | N/A                                     |   |

| Member State | Year         | Purpose for which revenues were used domestically<br>[Type of use]  | Auction revenues<br>[000 EUR] | Total budget<br>[000 EUR] | % share of auctioning revenues of total | Auctioning revenues contribution per period per programme |
|--------------|--------------|---|-------------------------------|---------------------------|---|---|
| Bulgaria     | 2015         | National Trust Eco Fund [Energy efficiency projects]<br>[Energy efficiency]                                   | 6,468                         | 7,610                     | 85%                                     | 85%   |
| Cyprus       | 2014         | Research work for the Adaptation of Agriculture to Climate Change<br>[R&D: emission reduction and adaptation] | 87                            | 256                       | 34%                                     | 34%   |
| Cyprus       | 2015         | Fund for Renewable Energy Sources and Energy Savings<br>[Renewable energy]                                    | 2,000                         | 2,560                     | 78%                                     | 78%   |
| Czech Rep.   | 2014         | New Green Savings Programme<br>[Renewable energy]   | 17,501                        | 17,501                    | 100%                                    | 100%  |
| Czech Rep.   | 2015         | New Green Savings Programme<br>[Renewable energy]   | 57,086                        | 57,086                    | 100%                                    | 100%  |
| Czech Rep.   | 2014         | ENERG Programme<br>[Energy efficiency]  | 4,760                         | 4,760                     | 100%                                    | 100%  |
| Czech Rep.   | 2015         | Investment support to technology development centres<br>[R&D: emission reduction and adaptation]              | 1,745                         | 20,071                    | 9%                                      | 9%  |
| Czech Rep.   | 2015         | EFEKT 2015<br>[Energy efficiency]   | 440                           | 720                       | 61%                                     | 61%   |
| France       | 2013         | "Habiter Mieux" Programme<br>[Energy Efficiency]  | 219,247                       | 540,500                   | 41%                                     | 41%   |
| France       | 2014         | "Habiter Mieux" Programme<br>[Energy Efficiency]  | 215,345                       | 716,800                   | 30%                                     | 30%   |
| France       | 2015         | "Habiter Mieux" Programme<br>[Energy Efficiency]  | 312,116                       | 675,500                   | 46%                                     | 46%   |
| Lithuania    | 2014<br>2016 | Climate Change Special Programme  | 65,732                        | 98,502                    | 67%                                     | 67%   |
| Portugal     | 2013         | Mobi.E Programme<br>[Sustainable transport]   | 2,633                         | 8,993                     | 42%                                     | 42%   |
| Portugal     | 2014         | Mobi.E Programme  | 1,150                         |                           |   |   |
| Portugal     | 2013         | Portuguese Rural Development Programme (PRODER)<br>[Forestry]   | 3,100                         | 10,600                    | 72%                                     | 72%   |
| Portugal     | 2014         | Portuguese Rural Development Programme (PRODER)<br>[Forestry]   | 4,500                         |                           |   |   |
| Portugal     | 2013         | AdaPT Programme<br>[R&D: emission reduction and adaptation]   | 12                            | 3,529                     | 3%                                      | 3%  |
| Portugal     | 2014         | AdaPT Programme<br>[R&D: emission reduction and adaptation]   | 106                           |                           |   |   |
| Romania      | 2014         | Implementation of a bike transport system in Bucharest<br>[Sustainable transport]                             | 9,917                         | 15,062                    | 66%                                     | 66%   |
| Slovakia     | 2014         | Programme for energy efficiency in public buildings<br>[Energy efficiency]                                    | 14,953                        | N/A                       | 95%                                     | 95%   |
| Slovakia     | 2015         | Programme for energy efficiency in public buildings<br>[Energy efficiency]                                    | 15,000                        | N/A                       | 95%                                     | 95%   |
| Spain        | 2013         | Planes de Impulso al Medio Ambiente "PIMA" [Cross-cutting]  | 6,853                         | 99,125                    | N/A                                     | 64%   |
| Spain        | 2013         | Planes de Impulso al Medio Ambiente "PIMA" [Cross-cutting]  | 17,429                        |                           | N/A                                     |   |
| Spain        | 2014         | Planes de Impulso al Medio Ambiente "PIMA" [Cross-cutting]  | 3,026                         |                           | N/A                                     |   |
| Spain        | 2014         | Planes de Impulso al Medio Ambiente "PIMA" [Cross-cutting]  | 7,639                         |                           | N/A                                     |   |
| Spain        | 2015         | Planes de Impulso al Medio Ambiente "PIMA" [Cross-cutting]  | 602                           |                           | N/A                                     |   |
| Spain        | 2015         | Planes de Impulso al Medio Ambiente   | 7,735                         |                           | N/A                                     |   |

| Member State | Year        | Purpose for which revenues were used domestically [Type of use] | Auction revenues [000 EUR] | Total budget [000 EUR] | % share of auctioning revenues of total | Auctioning revenues contribution per period per programme |
|--------------|-------------|---|----------------------------|------------------------|---|---|
|              |             | "PIMA" [Cross-cutting]  |                            |                        |   |   |
| <b>Spain</b> | <b>2015</b> | Planes de Impulso al Medio Ambiente "PIMA" [Cross-cutting]      | 392                        |                        | N/A                                     |   |
| <b>Spain</b> | <b>2015</b> | Planes de Impulso al Medio Ambiente "PIMA" [Cross-cutting]      | 7,154                      |                        | N/A                                     |   |
| <b>Spain</b> | <b>2015</b> | Planes de Impulso al Medio Ambiente "PIMA" [Cross-cutting]      | 12,126                     |                        | N/A                                     |   |

The following sections provide further detail concerning the scope and relevance of specific programmes, projects and funds to which auction revenues contributed in the national context.

#### **Czech Republic – New Green Savings Programme; EFEKT Programme**

The *New Green Savings Programme* promotes energy saving measures carried out by households and focuses on the refurbishment of private dwellings (insulation), construction of new dwellings in low-energy or passive standard and utilization of low-emission or renewable sources of heating in households. The programme is reserved for businesses from Prague, where businesses are not eligible for ESI funds. The programme is the main national spending programme that addresses such energy issues and was *financed solely with auctioning revenues* (in 2014, 2015).

The *EFEKT Programme* is aimed at stimulating action for energy saving and the use of renewable energy sources within enterprises. EFEKT is also the only grant title from which it is possible to obtain subsidies for the re-vitalisation of public lighting. For 2015, *auction revenues contributed with 61% to the budget of the programme* for funding street lighting actions.

#### **Bulgaria: National Trust EcoFund - Investment Climate Program**

The Investment Climate Program (ICP) is the most recent National Trust EcoFund's program aimed at the reduction of the greenhouse gas emissions. In the context of this programme, 24 projects supporting measures to increase energy efficiency in public buildings were implemented in 2015. *Auctioning revenues represented 85% the total value (14.8 mn EUR) of the projects.*

#### **Cyprus: Fund for Renewable Energy Sources and Energy Savings**

Cyprus disposes of a Special Fund for Renewable Energy Sources and Energy Savings, a financing support tool for RES technologies. In 2015, auctioning revenues made an important contribution to the fund as 2 mn EUR from the auctioning revenues were channelled to this fund, contributing to *72% of total yearly expenditure of 2.56 mn EUR.*

#### **France: Energy efficiency of housing programme "Habiter Mieux"**

The programme "Habiter Mieux" has the aim of improving the energy efficiency of housing in the private park through the ANAH programme. Over the period 2013-2015, the auctioning revenues *contributed 746.7 mn EUR of the total budget of the ANAH's "Habiter Mieux" programme of 1.9 billion EUR, or 39%.* In 2016, the budget was set at 701 mn EUR, of which 343.3 mn EUR (49%) are expected to originate from the auctioning revenues. Without the auctioning revenues as a financing source, the programme would likely continue but may have to be cut down. It is uncertain whether another source of financing could cover the gap.

#### **Portugal: Portuguese Carbon Fund; PRODER Programmes**

Auctioning revenues are a key source of funding for the Portuguese Carbon Fund, typically funding between 70-85% of the total yearly budget of the fund.<sup>28</sup> There is no direct transfer of the state budget to the Carbon Fund (since 2009). In the national context, the Strategic Framework for Climate Policy 2030 highlights the role of the Portuguese Carbon Fund as a privileged instrument for the implementation of climate policies<sup>29</sup>. The Fund, therefore, has a strong focus on tackling climate change, and has allowed Portugal to initiate a very diverse climate programme, for example facilitating the development of a climate component of the development cooperation programme.

#### **Spain: Planes de Impulso al Medio Ambiente "PIMA**

The Plans to Promote the Environment (PIMA) include several initiatives/ plans to promote the climate action in different areas, including inter alia: *PIMA Air* – has the objective to reduce CO<sub>2</sub> and NO<sub>x</sub> emission and particle pollution by subsidies for renovating the commercial vehicle fleets; *PIMA Sun* – has the objective to promote environmentally friendly behaviour in the tourism sector (PIMA SOL) and is intended to reduce emissions of greenhouse gases from the Spanish tourism sector. The beneficiaries of the Plan are hotels, which implement measures leading to increased energy efficiency of their facilities based in Spain. *PIMA Transport* – a subsidy for decommissioning busses and freight vehicles with capacity of more than 3.5 tons of maximum permitted (MMA) mass and licensed before 8 years freight. Other PIMA Plans are PIMA Earth, PIMA Residuals. The estimated contribution of auctioning revenues to the total budget of the PIMAs is 64% of the total budget of the programmes over the period 2013-2015.

In **Member States where auction revenues were not earmarked**, estimating their relative importance in funding domestic climate and energy specific programmes, projects or actions was not possible as Member States generally did not report any programmes, projects or activities to which auctioning revenues contributed or reported only indicative examples of activities to which auction revenues could have contributed.

## **4.2 International climate finance**

Scaling up international climate finance to support vulnerable countries in mitigating and adapting to climate change is one of the core objectives of the EU. International climate finance is supported by various financing streams, including inter alia revenues from the auctioning of ETS allowances which Member States may choose to channel to support international climate finance.

An OECD report estimated that in 2013, the aggregate volume of public and private climate finance mobilized by developed countries for developing countries reached was 46.5 billion EUR in 2014, having increased from 39 billion EUR in 2013<sup>30</sup>. The EU's contribution to international climate finance over the period was significant, the EU being one the largest contributors to climate finance.

<sup>28</sup> Source: interview with Climate Change Department, Portuguese Environment Agency

<sup>29</sup> <https://www.apambiente.pt/index.php?ref=17&subref=162&sub2ref=306>

<sup>30</sup> See OECD (2014), Climate Finance in 2013-2014 and the USD 100 billion goal: <http://www.oecd.org/env/cc/Climate-Finance-in-2013-14-and-the-USD-billion-goal.pdf>; Average exchange rate used: 2013: 1 EUR = 1.3281, 2014: 1 EUR = 1.329. Total reported in USD: 61.8 bn USD in 2014, up from 52.2 bn USD in 2013. The totals also include international climate finance provided by non-EU Member States.

The total amount of auctioning revenues that were channelled to international climate finance uses by the Member States over the period 2013-2015 amounted to **898 million EUR**.

Although it cannot be compared, to put this figure in context, in 2013, it was estimated that international climate finance from EU public budgets and other development finance institutions amounted to **9.5 billion EUR**. In 2014, the contribution made by the EU and its Member States reached **14.5 billion EUR**.<sup>31</sup>

According to Article 16 of the MMR, Member States are required to report on financial and technology climate-specific support provided to developing countries. The reported information relates to the support provided to developing countries for mitigation, adaptation, capacity-building and technology transfer. The funds reported as targeting international climate finance can include revenues from auctioning of ETS allowances. With the aim of placing the use of auctioning revenues in context, the amount of financial support reported by the Member States as climate specific<sup>32</sup> under Article 16 of the MMR can be compared with the amount of auctioning revenues channelled for international purposes for each of the Member States.

12 Member States (i.e. Austria, Denmark, Estonia, Finland, Germany, Hungary, Ireland, Italy, Lithuania, Portugal, Sweden, United Kingdom) reported the use of auctioning revenues for international climate finance as per Article 17 MMR. While some Member States reported annually over the whole period 2013-2015 the use of auctioning revenues for financing international climate actions (Austria, Denmark, Germany, Portugal, Sweden United Kingdom), other Member States reported the use of auctioning revenues only in two years ( Estonia, Finland, Italy) or in one year (Hungary, Ireland, Lithuania).

As presented in the table below, auctioning revenues constituted an important source of funds having contributed significantly to climate-specific financing through multilateral and bilateral channels in 3 Member States, i.e. Estonia, Ireland and Lithuania. In other Member States (Austria, Denmark, Finland, Germany, Portugal, Sweden, UK), the contribution made by auction revenues in supporting international climate finance was more limited.

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<sup>31</sup> See: European Commission (2015), Climate Funding for developing countries. The totals also include international climate finance provided by non-EU Member States.

Aggregate data from the UNFCCC Biennial Reports Data Interface (See: <http://www4.unfccc.int/sites/br-di/Pages/FinancialSupportSummary.aspx>) indicates that the amount of financial contributions made by all 28 EU Member States for adaptation, cross-cutting and mitigation purposes amounted to 18 bn USD in 2014 (i.e. 13,9 bn EUR, 1 EUR = 1,1084), and 9 bn USD in 2013 (i.e. 6,8 bn EUR).

<sup>32</sup> Thus, precluding core/general for which Member States could not specify as climate-specific.

**Table 12: Contribution of auction revenues to international climate-specific finance (through multilateral and bilateral channels) (absolute values in 000 EUR)**

| Member State | Year | International climate-specific finance as per MMR Article 16 | Auctioning revenues for international purposes | Contribution of auctioning revenues to international climate-specific finance | Contribution of auctioning revenues to international climate per period |
|--------------|------|--|--|---|---|
| Austria*     | 2013 | 94,505   | 7,100  | 8%  | 8%  |
| Austria*     | 2014 | 101,077  | 8,300  | 8%  |   |
| Austria*     | 2015 | 117,619  | 9,825  | 8%  |   |
| Denmark*     | 2013 | 4,870,000  | 28,023   | 0.58%   | 1%  |
| Denmark*     | 2014 | 204,732  | 24,045   | 12%   |   |
| Denmark*     | 2015 | N/A  | 35,674   | N/A   | N/A   |
| Estonia      | 2014 | 574  | 423  | 74%   | 80%   |
| Estonia      | 2015 | 1,205  | 1,000  | 83%   |   |
| Finland*     | 2013 | 91,791   | 1,960  | 2.14%   | 16%   |
| Finland*     | 2014 | 116,172  | 31,113   | 27%   |   |
| Germany      | 2013 | 1,918,690  | 192,734  | 10%   | 3%  |
| Germany      | 2014 | 2,119,935  | 1,132  | 0.05%   |   |
| Germany      | 2015 | 2,466,205  | 1,124  | 0.05%   |   |
| Hungary      | 2015 | N/A  | 3,226  | N/A   | N/A   |
| Ireland      | 2014 | 34,145   | 33,544   | 98%   | 98%   |
| Italy        | 2014 | N/A  | 64,000   | N/A   | N/A   |
| Italy        | 2015 | N/A  | 118,000  | N/A   |   |
| Lithuania    | 2015 | 432  | 339  | 78%   | 78%   |
| Portugal     | 2013 | 15,975   | 2,421  | 15%   | 28%   |
| Portugal     | 2014 | 9214   | 3,021  | 33%   |   |
| Portugal     | 2015 | 6,224  | 3,375  | 54%   |   |
| Sweden*      | 2013 | 314,531  | 17,800   | 6%  | 6%  |
| Sweden*      | 2014 | 228,001  | 18,939   | 8%  |   |
| Sweden*      | 2015 | 341,000  | 14,589   | 4%  |   |
| UK*          | 2013 | 605,471  | 188,296  | 31%   | 8%  |
| UK*          | 2014 | 1,197,001  | 72,896   | 6%  |   |
| UK*          | 2015 | 1,480,000  | 13,829   | 0.93%   |   |
| <b>Total</b> |      | <b>16,334,498</b>  | <b>675,828</b>                                 |   | <b>4%</b>   |

Notes: N/A - data was not publically available.

Member States marked with (\*) did not earmark auction revenues but reported the use of auction revenues for international purposes.

### 4.3 Added value of auctioning revenues

In the context of this study, the added value or 'additionality' of auctioning revenues included the following aspects:

- The extent to which Member States would still fund specific areas, programmes or projects in the absence of auctioning revenues and what other sources of funding would be available for such purposes (*volume effects*).
- The extent to which auctioning revenues have permitted the funding of programmes, projects or activities in the area of climate and energy that would otherwise not have been funded (*scope effects*).

The analysis relies on data collected through questionnaires and interviews with Member States. The counterfactual ("what if") dimension of the questions addressed through the questionnaires and interviews imposed certain difficulties for the national contact points when assessing the additionality of the auctioning revenues and whether specific programmes, activities and projects would have been funded in the absence of ETS revenues.

The data collected is therefore predominantly qualitative in nature and relies on observations and/or opinions of the national contact points interviewed. Due to the varied nature of the data collected, and in some cases the limited number of sources, performing a rigorous cross-cutting analysis and comparison is not possible within the scope of the study. Some specific examples from the Member States are presented below, and findings from the Member States are presented in the country fiches.

In some Member States, examples were given of **funds which were funded almost entirely by auctioning revenues and which would not have been funded otherwise** (in the assessment of the national reporting contact). For example in the Czech Republic, three programmes were identified that have been funded entirely from auctioning revenues i.e. New Green Savings Programme, ENER programme – energy savings -, EFEKT 2016. In the assessment of the contact point, the discontinuation or reduction of auctioning revenues would have led in some cases to the cessation of specific programmes and in other cases to their continuation on a much smaller (insignificant) scale as no other sources of funding would be available.

In Estonia, auction revenues were assessed to have added high value to both domestic and international uses for climate and energy. Three international programmes were reported as not having been financed before auctioning revenues were available (i.e. UNEP, Small Island Developing States of the Pacific, Green Climate Fund under UNFCCC).

In Cyprus, auctioning revenues were assessed to have added high value to domestic funding climate and energy programmes, projects and activities, funded entirely the Fund for Renewable Energy Sources and Energy Savings. Additionally, auctioning revenues constituted 36% of the total budget allocated for 2013-2016 for Research Work for Adaptation of Agriculture to Climate Change. In the absence of auctioning revenues, funding would not have been possible in particular in 2013 due to the economic crisis due to budgetary constraints.

In some cases, Member State contact points pointed out that while alternative sources of funding would be available, the **discontinuation of revenues from the auctioning of**



**allowances would cause delays to projects and programmes** or the amounts available to climate and energy purposes would be lower.

For example in Estonia, the discontinuation or reduction of auctioning revenues could have led to reduction of the number of domestic activities taken for climate and energy purposes or their continuation of the programmes/projects/ activities but on a smaller scale (in the view of the reporting contact). Alternative sources of funding would be mobilised (national budget) if auctioning revenues were not available. However, it is expected that the process would be slower and the amounts mobilised would be lower.

In Cyprus, it was assessed that the discontinuation or reduction of auctioning revenues would have led to delays in the implementation of such measures or a decrease in the amount of funds available for the implementation of certain programme/projects/activities for specific uses.

Other Member States (e.g. France, Sweden<sup>33</sup>) pointed out that while the discontinuation or reduction of auctioning revenues would have implications on the funding of the programmes on the short term, alternative sources (national budget or other programmes) would be identified and would cover the funding gap. Sweden highlighted that climate and energy programmes would continue to be financed, even in the absence of auction revenues as environmental and climate related issues are priority areas in Sweden.

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<sup>33</sup> Sweden does not earmark auction revenues for specific purposes.

## 5. Conclusions

### 5.1 Conclusions on the use of auctioning revenue

**At least 50% of revenues generated from auctioning ETS allowances should be used for climate and energy related purposes.** The EU ETS Directive (Directive 2003/87/EC) provides that at least 50% of the revenues generated from the auctioning of allowances (or the equivalent in financial value of these revenues) should be used for specific climate and energy activities.<sup>34</sup>

**Approximately 82% of the revenues are used for climate and energy purposes (both domestic and international)** Member States generated approximately 11.8 billion EUR from the auctioning of EU ETS allowances over the period 2013-2015. This rose from 3.7 billion EUR in 2013 and 3.2 billion EUR in 2014 to 4.9 billion EUR in 2015. Over the period, approximately 9.7 billion EUR was reported as used or planned to be used by Member States for climate and energy purposes, representing an average share of 82% of total revenues generated over the period.

**Table 13: Overview of auctioning revenues generated and used or planned to be used (in 000 EUR)**

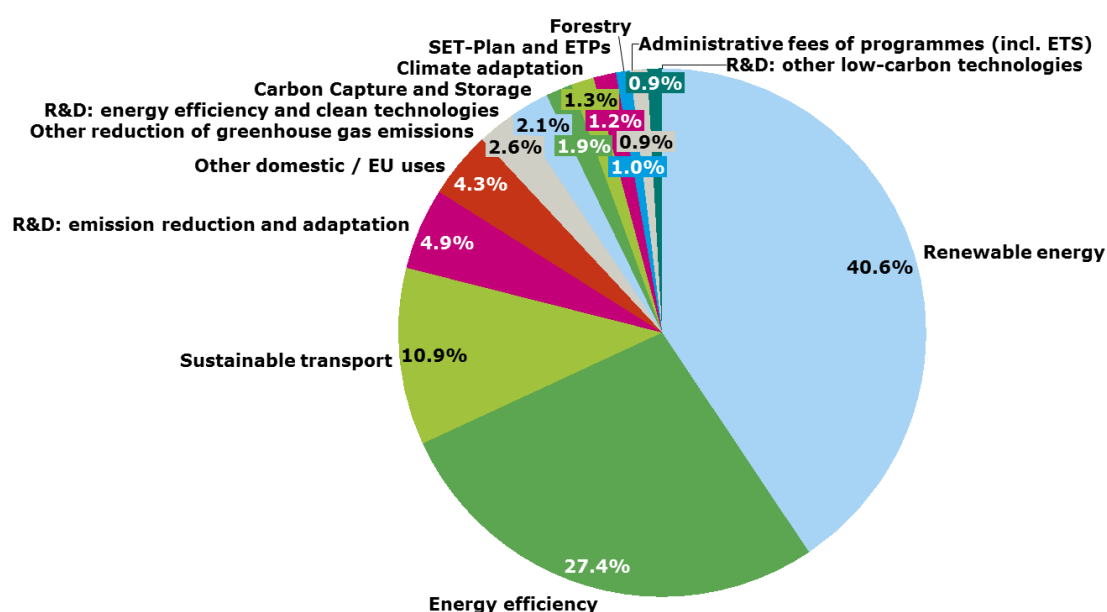
| Year         | Total revenues generated | Total used for climate and energy <sup>35</sup> | Total share used for climate and energy (%) |
|--------------|--------------------------|---|---|
| 2013         | 3,684,415                | 3,004,439                                       | 82%   |
| 2014         | 3,210,184                | 2,693,267                                       | 84%   |
| 2015         | 4,922,587                | 3,956,357                                       | 80%   |
| <b>Total</b> | <b>11,817,186</b>        | <b>9,654,063</b>                                | <b>82%</b>                                  |

**Most of the reported revenue use is for domestic climate and energy purposes, with a focus on support to renewable energy and energy efficiency programmes and projects.** Over the period 2013-2015, 7.9 billion EUR was used or planned to be used for domestic climate and energy projects. The largest share of revenue (2.89 billion EUR accounting for approximately 40.6% of domestic climate and energy revenue use) went towards supporting the development of renewable energy. Other important purposes include energy efficiency related spending (1.95 billion euros, or 27.4%), followed by sustainable transport (774 million EUR, or 10.9%).

<sup>34</sup> Article 10(3) Directive 2003/87/EC

<sup>35</sup> The sum of revenues reported as used or planned to be used is as reported by the Member States in their original reports pertaining to Article 17 of the MMR. Some amounts were updated by the Member States in the questionnaire filled for this study.

**Figure 5 Type of domestic use of auction revenues, 2013-15**



Source: Member State reports on MMR Article 17, domestic use of auction revenues reported as used for climate and energy purposes, 2013-15

**Table 14 Type of domestic use of auction revenues, 2013-15**

| Type of use  | Amount (000 EUR)              | Share of domestic revenue use (%) |
|--|-------------------------------|-----------------------------------|
| <b>Renewable energy</b>                                  | 2,893,861                     | 40.6%                             |
| <b>Energy efficiency</b>                                 | 1,947,727                     | 27.4%                             |
| <b>Sustainable transport</b>                             | 774,420                       | 10.9%                             |
| <b>R&amp;D: emission reduction and adaptation</b>        | 348,808                       | 4.9%                              |
| <b>Other domestic / EU uses</b>                          | 305,156                       | 4.3%                              |
| <b>Other reduction of greenhouse gas emissions</b>       | 185,281                       | 2.6%                              |
| <b>R&amp;D: energy efficiency and clean technologies</b> | 146,570                       | 2.1%                              |
| <b>Carbon Capture and Storage</b>                        | 132,325                       | 1.9%                              |
| <b>Climate adaptation</b>                                | 94,256                        | 1.3%                              |
| <b>SET-Plan and ETPs</b>                                 | 88,825                        | 1.2%                              |
| <b>Forestry</b>  | 73,944                        | 1.0%                              |
| <b>Administrative fees of programmes (incl. ETS)</b>     | 66,029                        | 0.9%                              |
| <b>R&amp;D: other low-carbon technologies</b>            | 64,255                        | 0.9%                              |
| <b>Total</b>   | <b>7,121,457<sup>36</sup></b> | <b>100%</b>                       |

<sup>36</sup> As described in section 2.4 on issues with reported data, the sum of revenues reported for specific projects under specific sectors is less than the total sum of revenues reported as used for climate and energy purposes (7.9 bn EUR domestic use). This is because the summing of all specific domestic revenue uses reported does not always add up to reported total used revenues.

*Source: Member State reports on MMR Article 17, domestic use of auction revenues reported as used for climate and energy purposes, 2013-15*

**The auction revenues are an important source of finance for climate and energy projects in the national context.** The 7.9 billion EUR of use of auction revenue for domestic climate and energy purposes can be compared with the total amount dedicated to climate action under the ESI funds (i.e. approximately 111 billion EUR).<sup>37</sup> Evidence suggests that auctioning revenues make an important contribution to supporting renewable energy development: for example the value of auctioning revenues reported to be used for the development of renewable energies (2.7 billion EUR) is estimated to be higher than the amount committed through the ERDF and CF over a similar period (1.2 billion EUR)<sup>38</sup>.

**Auction revenues are used to support climate and energy purposes in a variety of ways** A number of climate and energy related programmes or projects are funded in their entirety by auction revenues, for example in the Czech Republic or Greece. In other Member States (Bulgaria, Cyprus, Portugal, Spain) auction revenues have made a significant contribution to specific projects having provided between 60-90% of the total budgets of specific programmes or projects. However, in many cases, auction revenues account for only a very small share of the total that the Member State has allocated to certain programmes.

**Approximately 898<sup>39</sup> million EUR of auction revenue was used for international climate and energy purposes.** Member States reported 210 million EUR channelled to multilateral financial institutions and programmes over the period 2013-2015. The main recipient fund for the revenues is the UNFCCC Green Climate Fund, with approximately 131 million EUR of auction revenue channelled to the fund by Member States between 2013 and 2015. Total bilateral reported revenue use amounts to 359 million EUR over the period 2013-2015.

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<sup>37</sup> The ESI Funds included in the analysis the European Regional Development Fund (ERDF), Cohesion Fund (CF), European Social Fund, European Agricultural Fund for Rural Development, European Maritime and Fisheries Fund.

<sup>38</sup> Over a three-year average.

<sup>39</sup> The totals for multilateral and bilateral use do not sum to the total international use reported. This is because a number of Member States (Austria, Germany, Ireland and Sweden) reported international spending, the reporting did not identify specific multilateral financial institutions or programmes. This amounts to 195 million euros.

## 5.2 Conclusions on the reporting of auction revenue use (Article 17 MMR)

**Specific national circumstances means the reported data on auction revenue use lacks consistency.** This is partly due to national circumstances (e.g. Member States which do not ' earmark ' revenue for specific use) and partly due to data availability from Member States. The methodology for this study was able to partly address this by following up and clarifying data with Member States. However, given the fact that national circumstances will continue to affect the way in which auction revenue use is reported, this is likely to be an ongoing problem.

**The current reporting format leaves room for interpretation in a number of areas** Member States report on the use of auctioning revenues in accordance with the tabular formats set out in Annex XIII to the implementing Regulation of 30 June 2014 (Regulation 749/2014/EU). Some fields are understood by Member States in different ways e.g. the way in which the 'carry-over' figure (i.e. revenues generated in previous years but not disbursed) for revenues is reported. It will be useful to provide additional guidance on this in the future in order to minimize variation in reporting.

## Appendices

### Appendix 1: Questionnaire For Member States and Guidance note

Appendix 1 contains:

- Questionnaire for Member States (one per year) in xml spreadsheet format (attached separately)
- Guidance note for Member States (below).

# QUESTIONNAIRE GUIDANCE

Job **Analysis of the use of auctioning revenues by the Member States Under Framework contract CLIMA.001/FRA/2015/0014**  
Reference **Article 17 of the Mechanism for Monitoring Regulation – Auctioning revenues**  
Date **28/09/2016**  
To **National contacts for Article 17 reporting; research team**

## INTRODUCTION

*The European Commission's services have selected Ramboll, a consultancy, in order to achieve a better understanding on how Member States use the revenues from the auctioning of ETS allowances.*

The main aims of the study are therefore to:

1. **Improve the level of clarity and detail** on the reporting of how the EU ETS auctioning revenues are used.
2. **Quantify the relative importance of the ETS revenues** in terms of financing climate and energy related projects in each Member State, both domestically and internationally.

Ramboll is conducting this study under a confidentiality agreement with the European Commission. No data collected under this study will be shared externally; data of sensitive nature will be treated as such. Any publication rights will belong solely to the Commission.

## THE QUESTIONNAIRE

The questionnaire builds on the existing reports submitted for 2013, 2014 and 2015 under the MMR obligation (output generated in excel format) and therefore follows a similar structure, asking questions based on the data already submitted. You will therefore receive three excel questionnaires, one for each of the reporting years.

### **Total Revenues (first tab)**

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This first part of the questionnaire aims to ensure there is a clear overview of the total revenues generated over the three reporting years, as well as the total share of revenue used for climate and energy purposes. Not all questions will be relevant to all Member States and we have indicated 'not applicable' N/A where necessary.

- We aim to clarify **how much auction revenue** was generated in the reporting year, how much was spent in that year, and how much was carried over from previous years (if relevant). A space for clarifications/has been left in the questionnaire, where the consultant has added any specific questions, and the Member State contact point can respond.
- If there is any **updated information available** regarding the use of auctioning revenues in the reporting year, this should be signalled in the response box and the updated figures reported.
- Member States' **different methods of accounting for revenues** carried over from previous years and disbursed in the current year is a main source of gaps in reported use of revenues. Although some Member States provide information in their notes and comments, the use of these revenues is often unclear. In these cases we would like to clarify the way in which the

'carry over' amount (i.e. revenues generated in previous years but not disbursed) has been used and reported. This assessment will take into account any explanatory notes provided with the reporting, as well as subsequent comments submitted to the Commission. However, the questionnaire poses two additional questions in cases where carry over figures have been reported.

- We also aim to understand any **national circumstances behind the reporting** e.g. whether the revenues are earmarked for specific purposes, and how the recipient programmes/projects were selected.

### **Domestic Use (second tab)**

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As a first step we will aim to **clarify any issues with the reporting already submitted**. For example the different use of revenues coming from Articles 3d or 10 is not always clear. In some cases, Member States do not report whether the sums disbursed under each project were pursuant of art 10 or art 3d. To this end we include a space in the questionnaire where any relevant clarification requests can be added by the consultant – with a response space for the Member State.

If necessary, some specific questions may be asked to collect **further detail on the projects and programmes financed** by the auction revenues. The current level of detail varies on the reported purposes<sup>40</sup>: some Member States for example report high levels of detail, referring to multiple programmes/ projects with a link to the relevant website of the implementing agency or project; other Member States only designate relatively few delivery channels for the disbursement of their auctioning revenues. We aim to clarify 'purpose for which the revenue was used' at least to the programme level or equivalent.

For each programme/project/activity reported, we ask for **details where relevant** (total spending for the programme/project/activity, the duration in years etc.) in order to help us assess the relative importance of the contribution of the auctioning revenues. In some cases, the use cannot be described by a programme/project e.g. revenues used to cover the administrative expenses of the management of the ETS Scheme. In this case the term 'activity' used.

We also aim to understand the '**additionality**' of the revenue, i.e. whether the programme/project/activity would have been funded in the absence of auctioning revenues.

### **International use (third, fourth and fifth tab)**

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The reporting of revenues towards international energy and climate funds does not always allow easy identification of the end contribution of the money to specific projects. Member States often report not having information related to the recipient international programme or project.

For multilateral funds, the questionnaire asks for **any additional information regarding the specific use of the auction revenues**. It is recognised that in many cases the fact that these funds are not administered by the Member State will make any tracking of the revenue quite challenging. For bilateral funds, the description of the use does not always include information on the specific programmes /projects supported. We would ideally like to collect information on revenue use to programme/project level.

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<sup>40</sup> The original questionnaire asks for 'purpose for which the revenue was used', and varying levels of detail were provided, including general description, programmes and projects.



For all international funding reported, the questionnaire asks whether this programme /project/fund was financed before auctioning revenues were available and also asks questions to **ascertain the added value of having auctioning revenue funding available.**

#### **FOLLOW-UP INTERVIEW**

This will be a telephone call between the consultant and the Member State reporting contact point.

Its purpose will be threefold:

- To **discuss and validate the information** already submitted in the report, and the additional questions posed in the questionnaire.
- To collect **further contextual information on national circumstances** e.g. on the way in which Member States report the revenues, or reason as to why certain data is not available.
- To collect information on the **relative importance of the auctioning revenues in the national context**. This will be done in a targeted way, focusing on key areas of revenue use as reported e.g. identifying the total national expenditure on relevant categories for domestic use of revenue (e.g. energy research), or inquiring about other similar programmes/projects. This may be supplemented by a further targeted email request.

## **Appendix 2: Data collection from Member States**

**Table 15 Departments contacted in Member States**

| <b>Member State</b>   | <b>Ministry/department responsible</b>   |
|-----------------------|--|
| <b>Austria</b>        | Federal Ministry of Agriculture, Forestry, Environment and Water Management                          |
| <b>Belgium</b>        | Federal Public Service of Public Health, Food Chain Safety and Environment                           |
| <b>Bulgaria</b>       | Ministry of Environment and Water Climate Change Policy Directorate                                  |
| <b>Croatia</b>        | Service for climate activities and ozone layer protection, Department of Environment                 |
| <b>Cyprus</b>         | Dep't of Env't, Ministry of Agriculture, Rural Development and Environment                           |
| <b>Czech Republic</b> | Department of Energy and Climate Protection, Ministry of the Environment                             |
| <b>Denmark</b>        | Energistyrelsen  |
| <b>Estonia</b>        | Ministry of the Environment and Climate  |
| <b>Finland</b>        | Ministry of Economic Affairs   |
| <b>France</b>         | Ministry of Environment, Energy and the Sea  |
| <b>Germany</b>        | Emissions Trading, Federal Min. for the Env't, Nature Conservation, Building & Nuclear Safety        |
| <b>Greece</b>         | Ministry of Environment and Energy, Directorate of Climate Change and Air Quality                    |
| <b>Hungary</b>        | Ministry of National Development<br>Department for Climate Policy                                    |
| <b>Ireland</b>        | Department of Communications, Climate Action & Environment   |
| <b>Italy</b>          | Ministry for Environment, Land and Sea Directorate for Sustainable Development, Environmental Damage |
| <b>Latvia</b>         | Climate Change Department, Ministry of Environmental Protection and Regional Development             |
| <b>Lithuania</b>      | Ministry of Environment, Division of Climate Finance and Project Management                          |
| <b>Luxembourg</b>     | Ministry of Sustainable Development and Infrastructures, Department for the Environment              |
| <b>Malta</b>          | Ministry for Sustainable Dev't, the Environment and Climate Change                                   |
| <b>Netherlands</b>    | Ministry of Infrastructure and Environment; Dutch Emissions Authority (NEA)                          |
| <b>Poland</b>         | Min. of the Environment, Dep't of Climate and Air Protection, GHG Emissions Management Unit          |
| <b>Portugal</b>       | Climate Change Department, Portuguese Environment Agency   |
| <b>Romania</b>        | Climate Change Unit, Ministry of Environment   |
| <b>Slovakia</b>       | Ministry of Environment of the Slovak Republic Directorate for Climate change and Air protection     |
| <b>Slovenia</b>       | Environmental Directorate Ministry of the Environment and Spatial Planning                           |
| <b>Spain</b>          | Ministry of Agriculture, Fishing, Food and Climate Change, Spanish Climate Change Office (OECC)      |
| <b>Sweden</b>         | Division for Climate Change<br>Ministry of Environment and Energy                                    |
| <b>United-Kingdom</b> | Financial Reporting and Control, Department for Business, Energy & Industrial Strategy               |

## **Appendix 3: Interview guide**

# INTERVIEW GUIDE AND TEMPLATE

Job **Analysis of the use of auctioning revenues by the Member States Under Framework contract CLIMA.001/FRA/2015/0014**  
Reference **Article 17 of the Mechanism for Monitoring Regulation – Auctioning revenues**  
Date **27/10/2016**  
To **Research team**

## INTRODUCTION

This will be a telephone call with the Member State reporting contact point (1/2 hour-1 hour). Its purpose will be threefold:

- To **discuss and validate the information** already submitted in the report, and the additional questions posed in the questionnaire.
- To collect **further contextual information on national circumstances** e.g. on the way in which Member States report the revenues, or reason as to why certain data is not available.
- To collect information on the **relative importance of the auctioning revenues in the national context**. This will be done in a targeted way, focusing on key areas of revenue use as reported e.g. identifying the total national expenditure on relevant categories for domestic use of revenue (e.g. energy research), or inquiring about other similar programmes/projects. This may be supplemented by a further targeted email request.

This interview serves as a follow-up to the questionnaire just filled (or being filled). It can also be used to clarify any questions the national reporters have on the questions.

## TO PREPARE

- **Go over the submitted (or shortly to be submitted) questionnaire.** Identify any areas which need final clarification. Emphasis should be on ensuring we have clear revenue totals (e.g. generated and used) and clear categories of spending.
- **Identify key areas of spending.** The unit of analysis could be either the reported programme/project/activity, or alternatively wider areas of spending defined by the 'type of use' categories e.g. Development of technologies that help meet the commitment of the Union to increase energy efficiency by 20 % by 2020. The aim is to have a good overview of where the money is going, so that we can ask about the importance of the auction revenues relative to other streams of finance.
- **Conduct supplementary desk research** to identify the other revenue streams in key areas of spending, and if possible the total amount of climate and energy spending in the Member State.

## QUESTIONS

|                         |    |
|-------------------------|----|
| <b>Interviewee Name</b> | [] |
| <b>Department</b>       | [] |
| <b>Member State</b>     | [] |

|                    |    |
|--------------------|----|
| <b>Interviewer</b> | [] |
| <b>Date</b>        | [] |

### **Introduction**

Ramboll are carrying out this study under contract with DG CLIMA. The main aims of the study are to:

1. **Improve the level of clarity and detail** on the reporting of how the EU ETS auctioning revenues are used. We are building on the data already submitted to ensure we fully understand national circumstances, but also with a view to allowing consistency of reporting across Member States.
2. **Quantify the relative importance of the ETS revenues** in terms of financing climate and energy related projects in each Member State, both domestically and internationally. We are aiming to understand how important auctioning revenues are as compared to other financial sources (especially as this is a relatively new source of revenue).

**Use of the data:** The findings of this study will be presented to the Commission in a final report in December. Some key findings will also be used to inform the State of the Energy Union Report on 7<sup>th</sup> December.

We will send you back a country fiche (summarising the reported data + information from this interview) for possible comments and approval prior to publication.

Conclusions of the study will be presented in one of the working groups under the Climate Change Committee (WG2 or WG3).

## Reporting and governance

| <b>Questions on the reporting of auction revenues</b>   |
|---|
| 1.1 Which government department is responsible for the reporting?   |
| 1.2 Please describe how you collect the information to be reported (process and which stakeholders are involved)?                           |
| 1.3 Are there any national reporting systems in place to track this kind of information on use of auctioning revenues?                      |
| 1.4 How important is it for your Member State to have clear data on the use of auction revenues? What are the benefits of having this data? |
| 1.5 What has been the development of auctioning revenues generated since 2013-2015 [reference total revenue figures in questionnaire]?      |

## Total revenues generated and revenues used

These questions relate mainly to the first excel tab. The aim is to ensure we have clear headline figures.

| <b>Total Revenues</b>  |
|--|
| 2.1 Ask for any clarifications necessary on the figures, to ensure the data submitted in the questionnaire is clear  |
| 2.2 [For any data gaps] Please explain why data cannot be reported, including any relevant national circumstances  |
| 2.3 [Updated figures] Have the figures reported changed since the official reporting exercise? If yes, why have the figures changed? (remember that the timing of the reporting period should not change)  |
| 2.4 Please explain how the reported projects/activities are selected to receive the revenues from auctioning? Is there any specific type of climate and energy projects you aim to support?<br><br>[Specifically for Member States who don't earmark revenue) What is the total portfolio from which projects can be selected, in terms of budget, and number? |

## Domestic revenue uses

The interviewer should identify key areas of spending in advance of the interview, based on the reported data. The key areas of spending questions (in grey) can be duplicated as necessary.

The questions will in many cases mirror what has been asked in the questionnaire, and should be asked as necessary, depending on the level of detail given in the questionnaire.

| <b>Domestic Revenue uses</b>  |
|---|
| 3.1 Ask for any clarifications necessary on the figures, to ensure the data submitted in the questionnaire is clear |

|  |
|--|
|  |
| 3.2 [For any data gaps] Please explain why data cannot be reported, including any relevant national circumstances  |
|  |
| 3.3 Name of key area of spending 1: e.g. deforestation programme/ type of use' category such as e.g. Development of technologies that help meet the commitment of the Union to increase energy efficiency by 20 % by 2020/ other category that makes sense   |
|  |
| What is the importance of the contribution which auction revenues make to this area of spending? (e.g. qualitative info on the importance of the revenue as a new revenue source, the importance of the revenue for the continuation of the programme/activity, relative to other revenue streams) |
|  |
| Would you fund these areas (or specific programmes/projects) if no auctioning revenues were available? What other sources of funding would be available?   |
|  |
| Have auction revenues contributed to the attraction of private spending on climate and energy projects? Please explain and provide numbers where possible  |
|  |
| Please estimate the total national expenditure on this area? Please estimate approximate percentage of auction revenue contribution, in comparison to total domestic spending. [please provide any link or information sources]  |
|  |
| Has revenue from the auctioning of allowances permitted the funding of any programmes/projects/activities, which otherwise wouldn't have been funded? Please give further detail, i.e. any new activities funded?  |
|  |
|  |
| 3.4 Name of key area of spending 2 (etc.): e.g. deforestation programme/ type of use' category such as e.g. Development of technologies that help meet the commitment of the Union to increase energy efficiency by 20 % by 2020/ other category that makes sense                                  |
|  |
| What is the importance of the contribution which auction revenues make to this area of spending?   |
|  |
| Would you fund these areas (or specific programmes/projects) if no auctioning revenues were available? What other sources of funding would be available?   |
|  |
| Have auction revenues contributed to the attraction of private spending on climate and energy projects? Please explain and provide numbers where possible  |
|  |
| Please estimate the total national expenditure on this area? Please estimate approximate percentage of auction revenue contribution, in comparison to total domestic spending. [please provide any link or information sources]  |
|  |
| Has revenue from the auctioning of allowances permitted the funding of any programmes/projects/activities, which otherwise wouldn't have been funded? Please give further detail, i.e. any new activities funded?  |
|  |
|  |
| 3.5 Name of key area of spending 3 (etc.): e.g. deforestation programme/ type of use' category such as e.g. Development of technologies that help meet the commitment of the Union to increase energy efficiency by 20 % by 2020/ other category that makes sense                                  |
|  |
|  |
| 3.6 Are the current reporting categories satisfactory (i.e. the type of use category for climate and energy use purposes)? Should any be added?  |



|  |
|--|
|  |
| 3.7 If some revenue use was reported under 'Other domestic / EU uses':<br>Could you please explain why you used this other category of use for the auction revenues? |
|  |

### International revenue uses

The interviewer should identify key areas of spending in advance of the interview, based on the reported data. The key areas of spending questions (in grey) can be duplicated as necessary.

The questions will in many cases mirror what has been asked in the questionnaire, and should be asked as necessary, depending on the level of detail given in the questionnaire.

| <b>International Revenue uses</b>  |
|--|
| 4.1 Ask for any clarifications necessary on the figures, to ensure the data submitted in the questionnaire is clear  |
|  |
| 4.2 [For any data gaps] Please explain why data cannot be reported, including any relevant national circumstances  |
|  |
| 4.3 Name of key area of spending 1: e.g. deforestation programme/ type of use' category such as e.g. Development of technologies that help meet the commitment of the Union to increase energy efficiency by 20 % by 2020/ other category that makes sense |
|  |
| What is the importance of the contribution which auction revenues make to this area of spending?   |
|  |
| Would you fund these areas (or specific programmes/projects) if no auctioning revenues were available? What other sources of funding would be available?   |
|  |
| Have auction revenues contributed to the attraction of private spending on climate and energy projects? Please explain and provide numbers where possible  |
|  |
| Please estimate the total national expenditure on this area? Please estimate approximate percentage of auction revenue contribution, in comparison to total domestic spending. [please provide any link or information sources]                            |
|  |
| Has revenue from the auctioning of allowances permitted the funding of any programmes/projects/activities, which otherwise wouldn't have been funded? Please give further detail, i.e. any new activities funded?  |
|  |

|   |
|---|
| 4.4 Name of key area of spending 2 (etc.): e.g. deforestation programme/ type of use' category such as e.g. Development of technologies that help meet the commitment of the Union to increase energy efficiency by 20 % by 2020/ other category that makes sense |
|   |
| What is the importance of the contribution which auction revenues make to this area of spending?  |
|   |
| Would you fund these areas (or specific programmes/projects) if no auctioning revenues were available? What other sources of funding would be available?  |
|   |
| Have auction revenues contributed to the attraction of private spending on climate and energy projects? Please explain and provide numbers where possible   |

|  |
|--|
| <p>Please estimate the total national expenditure on this area? Please estimate approximate percentage of auction revenue contribution, in comparison to total domestic spending. [please provide any link or information sources]</p> |
| <p>Has revenue from the auctioning of allowances permitted the funding of any programmes/projects/activities, which otherwise wouldn't have been funded? Please give further detail, i.e. any new activities funded?</p>               |

## Future reporting

|   |
|---|
| <p><b>5.1</b> In the current reporting format, is there any aspect you perceive as being complicated to answer or burdensome?</p>   |
| <p><b>5.2</b> How could the reporting of the use of these revenues be improved? In terms of:</p> <ul style="list-style-type: none"> <li>Format of the questionnaire</li> <li>Clarity of the questions</li> <li>Additional categories of information</li> <li>Carry over figure</li> </ul> |
| <p><b>5.3</b> Do you have plan in place for the future use of revenues generated from the auctioning of allowances?</p>   |

## Appendix 4: Country Fiches

See separate attachment for the country fiches.

**Table 16 Country fiche status**

| Member State          | Status of country fiche | Does the Member State earmark revenues for specific purposes? |
|-----------------------|-------------------------|---|
| <b>Austria</b>        | Validated*              | No  |
| <b>Belgium</b>        | Validated               | Yes <sup>41</sup>   |
| <b>Bulgaria</b>       | Validated               | Yes   |
| <b>Croatia</b>        | Automatic validation    | Yes   |
| <b>Cyprus</b>         | Validated               | Yes   |
| <b>Czech Republic</b> | Validated               | Yes   |
| <b>Denmark</b>        | Validated               | No  |
| <b>Estonia</b>        | Validated               | Yes   |
| <b>Finland</b>        | Validated               | Yes (partial)   |
| <b>France</b>         | Validated               | Yes   |
| <b>Germany</b>        | Validated               | Yes   |
| <b>Greece</b>         | Validated               | Yes   |
| <b>Hungary</b>        | Automatic validation    | Yes   |
| <b>Ireland</b>        | Automatic validation    | No  |
| <b>Italy</b>          | Validated               | Yes   |
| <b>Latvia</b>         | Validated               | Yes   |
| <b>Lithuania</b>      | Validated               | Yes   |
| <b>Luxembourg</b>     | Automatic validation    | No  |
| <b>Malta</b>          | Validated               | No <sup>42</sup>  |
| <b>Netherlands</b>    | Validated               | No  |
| <b>Poland</b>         | Automatic validation    | No  |
| <b>Portugal</b>       | Validated               | Yes   |
| <b>Romania</b>        | Validated               | Yes   |
| <b>Slovakia</b>       | Validated               | Yes   |
| <b>Slovenia</b>       | Validated               | Yes   |
| <b>Spain</b>          | Validated               | Yes   |
| <b>Sweden</b>         | Validated               | No  |
| <b>United-Kingdom</b> | Validated               | No  |

\*'Validated' means approval of the fiche by the Member State

<sup>41</sup> Since agreement made in October 2016.

<sup>42</sup> Although the revenues are not earmarked for any specific purpose, for the purpose of this exercise all domestic climate and energy programmes and spending financed by the Maltese National Consolidated Fund and within the scope of Article 10(3) of Directive 2003/87/EC have been reported.



## **Appendix 5: Overview of national circumstances**

**Table 17 Overview of specific national circumstances related to reporting of the auctioning revenues**

| <b>Member State</b> | <b>Auctioning revenues allocated for specific purposes?</b> | <b>Level of detail of the reporting (programmes/projects)</b>  | <b>Specific national circumstances (e.g. legislation in place for the use of the revenue; whether revenue must go towards certain fund/purpose; complications related to disbursements etc.)</b>   |
|---------------------|---|--|--|
| <b>AT</b>           | No  | Detail is provided on spending from arbitrarily chosen schemes and funds.  | Austria does not earmark auctioning revenues for specific uses. The choice of reported projects is arbitrary and only reflects an amount equivalent to the amount of revenues generated.   |
| <b>BE</b>           | Yes <sup>43</sup>   | No information is reported aside from revenues generated.  | The Belgian Federal government and governments of the regions of Flanders, Wallonia and Brussels Capital have since October 2016 concluded an agreement for the distribution of the auctioning revenues. The revenues have not yet been used.  |
| <b>BG</b>           | Yes   | Multiple domestic uses reported in detail.   | The disbursement criteria are set in accordance with national priorities, national (Climate Change Mitigation Act) and EU legislation (Directive 2003/87/EC article 10).   |
| <b>CY</b>           | Yes   | Multiple domestic uses reported in detail.   | Revenues are administered by the Ministry of Agriculture, Rural Development and Environment to projects of the Ministry and projects of the Ministry of Energy, Commerce, Industry and Tourism.  |
| <b>CZ</b>           | Yes   | Multiple domestic uses reported in detail.<br>No difference is made between the revenues allocated pursuant to article 10 or article 3d. | The law dedicates 100% of auction revenues to be used for climate and energy related purposes up to a cap of 12mn CZK (cca 440 mn EUR in 2015). Auctioning revenues are channelled to specific funds and uses, the most important being the New Green Savings Programme.   |
| <b>DE</b>           | Yes   | No specific programme or project level information.  | Germany allocates income directly to a climate & energy fund (EKF) that is responsible for funding climate policies. If the fund does not reach the desired cap (from the auctioning revenues), it is topped up by the national budget.  |
| <b>DK</b>           | No  | One domestic use of the revenues is reported in detail. No specific programme or project level information for the international use.    | Denmark does not earmark auctioning revenues. Reported amounts of revenues generated and used for the purposes of Articles 3d and 10 of Directive 2003/87/EC, but did not report specific beneficiary programmes or projects.  |
| <b>FI</b>           | No  | No specific programme or project level information (due to data availability).   | Finland does not earmark auctioning revenues for specific uses. Finland noted 'technical challenges with reporting' <sup>44</sup> and therefore did not report project level information on the use of revenues aside from the fact that 49 % of the equivalent share of the financial value of these revenues was transferred to the Ministry of Foreign Affairs and planned to target climate relevant activities. |
| <b>EE</b>           | Yes   | Use of the revenues is reported in detail.   | A State Budget Strategy sets out spending of the auctioning revenues based on national objectives  |

<sup>43</sup> Since agreement made in October 2016.

<sup>44</sup> The revenues were mixed with Official Development Assistance budget and budget decisions.

|           |     |   |   |
|-----------|-----|---|---|
|           |     |   | and objectives of sectoral development plans.   |
| <b>EL</b> | Yes | Some level of detail in reporting. Programmes reported do not have detailed descriptions.   | Greek legislation <sup>45</sup> stipulates that all auctioning revenues must go to LAGIE, the Greek operator of the electricity market.   |
| <b>ES</b> | Yes | Multiple domestic uses reported with some detail.   | Spanish National Budget is made based on estimations of auctioning revenues to be generated.  |
| <b>FR</b> | Yes | One domestic use of the revenues reported each year in detail.  | All revenues are implemented by the ANAH, the National Agency for Housing.  |
| <b>HR</b> | Yes | No specific programme or project information (descriptions of purposes)   | Croatia began auctioning allowances in January 2015. The revenues for 2013 and 2014 were therefore aggregated in 2015, leading to a high total amount. All revenue is channelled to the Environmental Protection and Energy Efficiency Fund.  |
| <b>HU</b> | Yes | No specific programme or project information (descriptions of purposes)   | Auctioning revenue spending is implemented by the Ministry of National Development and the Ministry of National Economy.  |
| <b>IE</b> | No  | Specific programme information is reported (which fulfil the climate and energy purposes)   | Ireland does not earmark revenues for specific uses. Ireland has identified a small number of programmes funded which correspond to the climate and energy purposes specified in the EU ETS Directive.  |
| <b>IT</b> | Yes | Some level of detail in reporting. Reports systematically present the use of revenues from revenues generated in the previous year. | Italy is only able to allocate revenues for specific purposes a year after the revenues were generated (year n+1). Revenues are committed to national policies and priorities. On one occasion, funds previously committed to one purpose were reallocated the following year to a different purpose. |
| <b>LU</b> | No  | No information was reported aside from revenues generated.  | Luxembourg does not earmark revenues for specific uses.   |
| <b>LT</b> | Yes | Multiple domestic uses reported in detail.  | Auctioning revenues are managed by the Ministry of Environment and distributed via the Lithuanian Climate Change Special Programme which draws from three sources of revenues: auctioning revenues, and trading of AAUs <sup>46</sup> and allowances from NER. <sup>47</sup>                          |
| <b>LV</b> | Yes | Only used to cover administrative expenses of the management of the ETS scheme.   | Revenues have not yet been used apart for the ones needed to cover the administrative expenses for the management of the ETS scheme. These amounts are planned to be disbursed in 2016-2019.  |
| <b>MT</b> | Yes | Specific programmes and schemes are reported  | Malta does not earmark revenues, however projects reported reflect all climate and energy spending and cover the equivalent financial value of revenues from auctioning of allowances.  |
| <b>NL</b> | No  | No information was reported aside from revenues generated.  | The Netherlands do not earmark revenues.  |
| <b>PL</b> | No  | Multiple domestic uses reported at  | Poland does not earmark auctioning revenues for specific uses. The choice of reported projects is   |

<sup>45</sup> Law no. 4062/2012, official gazette journal 70, Vol. A.

<sup>46</sup> Assigned Amount Units, tradable carbon credits from the Kyoto Protocol.

<sup>47</sup> New Entrants Reserve.

|           |     |   |   |
|-----------|-----|---|---|
|           |     | project level with web links in descriptions.   | arbitrary and only reflects an amount equivalent to 50% of revenues generated.  |
| <b>PT</b> | Yes | Specific programmes and schemes are reported  | All auctioning revenues are channelled into the Portuguese Carbon Fund, currently managed by the Environment Agency. The law sets an indicative allocation for use of the revenues (e.g. for mitigation, adaptation projects etc.).   |
| <b>RO</b> | Yes | Specific projects are reported with limited further description                           | The GEO nr. 115/2011 stipulates that the revenues from auctioning are intended for projects which have as result the reduction of greenhouse gas emissions.   |
| <b>SE</b> | No  | Specific programmes and schemes are reported  | Sweden does not earmark auctioning revenues for specific uses. Sweden reported a corresponding amount and detailed a few projects funded by the auctioning revenues.  |
| <b>SI</b> | Yes | Some level of detail in reporting. Programmes reported do not have detailed descriptions  | Auctioning revenues are managed and distributed by the Ministry of Environment and via the Slovenian Environmental Public Fund (Eco Fund).  |
| <b>SK</b> | Yes | Some level of detail in reporting. Programmes reported do not have detailed descriptions. | The Emission Trading Department of the Ministry of Environment takes care of the process of distributing the auctioning revenues.   |
| <b>UK</b> | No  | Specific programme information is reported (which fulfil the climate and energy purposes) | Like all Government receipts, the auctioning revenues are remitted to the consolidated fund to support general expenditure. A range of representative programmes (usually the flagship climate and energy spending programmes) were used up to the total amount of revenue. |





## **Appendix 6: Datasheet for report**

See separate attachment (excel).

## **Appendix 7: Further detail on the reporting of auction revenues**

**Table 18: Comprehensive overview of the reporting of auction revenues per Member State, per year (2013-2015)** <sup>48</sup>

| Member State | Year         | Total revenues from the auctioning of allowances | Share of the revenues used or planned to be used for climate and energy purposes (%) | Total used (or planned to be used) for climate related purposes | Of which: Domestic use | Of which: International use | Not used for climate and energy purposes | Use not reported |
|--------------|--------------|--|--|---|------------------------|-----------------------------|--|------------------|
| Austria(1)   | 2013         | 55,752   | 66%  | 37,000  | 29,804                 | 7,100                       | N/A                                      | 18,848           |
|              | 2014         | 53,568   | 102%   | 54,839  | 46,539                 | 8,300                       | N/A                                      | -1,271           |
|              | 2015         | 78,597   | 102%   | 79,847  | 70,022                 | 9,825                       | N/A                                      | -1,250           |
|              | <b>Total</b> | <b>187,917</b>                                   | <b>90.0%</b>   | <b>171,686</b>  | <b>146,365</b>         | <b>25,225</b>               | <b>0</b>                                 | <b>16,327</b>    |
| Belgium(2)   | 2013         | 114,992  | N/A  | N/A   | N/A                    | N/A                         | 114,992                                  | N/A              |
|              | 2014         | 97,079   | N/A  | N/A   | N/A                    | N/A                         | 97,079                                   | N/A              |
|              | 2015         | 141,650  | N/A  | N/A   | N/A                    | N/A                         | 141,650                                  | N/A              |
|              | <b>Total</b> | <b>353,721</b>                                   | <b>0.0%</b>  | <b>0</b>  | <b>0</b>               | <b>0</b>                    | <b>353,721</b>                           | <b>0</b>         |
| Bulgaria     | 2013         | 52,629   | 97%  | 51,294  | 51,294                 | 0                           | 1,335                                    | 0                |
|              | 2014         | 36,415   | 99%  | 36,192  | 36,192                 | 0                           | 223                                      | 0                |
|              | 2015         | 121,820  | 85%  | 103,492   | 103,492                | 0                           | 18,328                                   | 0                |
|              | <b>Total</b> | <b>210,864</b>                                   | <b>90.6%</b>   | <b>190,978</b>  | <b>190,978</b>         | <b>0</b>                    | <b>19,886</b>                            | <b>0</b>         |
| Croatia(3)   | 2013         | N/A  | N/A  | N/A   | N/A                    | N/A                         | N/A                                      | N/A              |
|              | 2014         | N/A  | N/A  | N/A   | N/A                    | N/A                         | N/A                                      | N/A              |
|              | 2015         | 87,024   | 58%  | 50,795  | 50,795                 | 0                           | 36,229                                   | 0                |
|              | <b>Total</b> | <b>87,024</b>                                    | <b>58.4%</b>   | <b>50,795</b>   | <b>50,795</b>          | <b>0</b>                    | <b>36,229</b>                            | <b>0</b>         |
| Cyprus       | 2013         | 1,928  | 28%  | 533   | 533                    | 0                           | 0  | 1,395            |

<sup>48</sup> The table shows revenue used as reported by the Member States. In our calculations, we took account of national circumstances which for example indicate that 50% of revenues are to be used for climate and energy purposes (see methodology). This is not reflected in this table's figures, however numbered notes at the end of the table indicate these specific circumstances.

| Member State   | Year         | Total revenues from the auctioning of allowances | Share of the revenues used or planned to be used for climate and energy purposes (%) | Total used (or planned to be used) for climate related purposes | Of which: Domestic use | Of which: International use | Not used for climate and energy purposes | Use not reported |
|----------------|--------------|--|--|---|------------------------|-----------------------------|--|------------------|
|                | 2014         | 730  | 55%  | 398   | 398                    | 0                           | 0  | 332              |
|                | 2015         | 1,421  | 195%   | 2,766   | 2,766                  | 0                           | 0  | -1,345           |
|                | <b>Total</b> | <b>4,079</b>                                     | <b>90.6%</b>   | <b>3,697</b>  | <b>3,697</b>           | <b>0</b>                    | <b>0</b>                                 | <b>382</b>       |
| Czech Republic | 2013         | 80,686   | 91%  | 73,150  | 73,150                 | 0                           | 0  | 7,536            |
|                | 2014         | 55,709   | 48%  | 26,925  | 26,925                 | 0                           | 0  | 28,784           |
|                | 2015         | 111,494  | 99%  | 110,896   | 110,896                | 0                           | 0  | 598              |
|                | <b>Total</b> | <b>247,889</b>                                   | <b>85.1%</b>   | <b>210,971</b>  | <b>210,971</b>         | <b>0</b>                    | <b>0</b>                                 | <b>36,918</b>    |
| Denmark(1)     | 2013         | 56,045   | 100%   | 56,045  | 28,023                 | 28,023                      | N/A                                      | 0                |
|                | 2014         | 48,090   | 100%   | 48,090  | 24,045                 | 24,045                      | N/A                                      | 0                |
|                | 2015         | 71,349   | 100%   | 71,349  | 35,674                 | 35,674                      | N/A                                      | 0                |
|                | <b>Total</b> | <b>175,484</b>                                   | <b>100.0%</b>  | <b>175,484</b>  | <b>87,742</b>          | <b>87,742</b>               | <b>0</b>                                 | <b>0</b>         |
| Estonia(4)     | 2013         | 18,074   | 50%  | 9,037   | 9,036                  | 0                           | 9,037                                    | 1                |
|                | 2014         | 7,447  | 49%  | 3,623   | 3,200                  | 423                         | 3,724                                    | 101              |
|                | 2015         | 21,280   | 44%  | 9,452   | 8,453                  | 1,000                       | 10,640                                   | 1,188            |
|                | <b>Total</b> | <b>46,801</b>                                    | <b>47.2%</b>   | <b>22,112</b>   | <b>20,689</b>          | <b>1,423</b>                | <b>23,401</b>                            | <b>1,289</b>     |
| Finland(1)     | 2013         | 66,970   | 3%   | 1,960   | 0                      | 1,960                       | 0  | 65,010           |
|                | 2014         | 63,495   | 49%  | 31,112  | 0                      | 31,113                      | 0  | 32,382           |
|                | 2015         | 93,764   | 100%   | 93,764  | 93,764                 | 0                           | 0  | 0                |
|                | <b>Total</b> | <b>224,229</b>                                   | <b>56.6%</b>   | <b>126,836</b>  | <b>93,764</b>          | <b>33,073</b>               | <b>0</b>                                 | <b>97,392</b>    |
| France         | 2013         | 219,247  | 100%   | 219,247   | 219,247                | 0                           | 0  | 0                |
|                | 2014         | 215,345  | 100%   | 215,345   | 215,345                | 0                           | 0  | 0                |
|                | 2015         | 312,116  | 100%   | 312,116   | 312,116                | 0                           | 0  | 0                |

| Member State | Year         | Total revenues from the auctioning of allowances | Share of the revenues used or planned to be used for climate and energy purposes (%) | Total used (or planned to be used) for climate related purposes | Of which: Domestic use | Of which: International use | Not used for climate and energy purposes | Use not reported |
|--------------|--------------|--|--|---|------------------------|-----------------------------|--|------------------|
|              | <b>Total</b> | <b>746,708</b>                                   | <b>100.0%</b>  | <b>746,708</b>  | <b>746,708</b>         | <b>0</b>                    | <b>0</b>                                 | <b>0</b>         |
| Germany      | 2013         | 790,929  | 100%   | 790,929   | 598,195                | 192,734                     | 0  | 0                |
|              | 2014         | 749,983  | 100%   | 749,983   | 748,849                | 1,132                       | 0  | 2                |
|              | 2015         | 1,110,181  | 100%   | 1,110,181   | 1,109,096              | 1,124                       | 0  | -39              |
|              | <b>Total</b> | <b>2,651,093</b>                                 | <b>100.0%</b>  | <b>2,651,093</b>  | <b>2,456,140</b>       | <b>194,990</b>              | <b>0</b>                                 | <b>-37</b>       |
| Greece       | 2013         | 147,638  | 97%  | 142,530   | 142,530                | 0                           | 5,108                                    | 0                |
|              | 2014         | 131,069  | 89%  | 116,669   | 116,668                | 0                           | 14,400                                   | 1                |
|              | 2015         | 195,159  | 91%  | 177,197   | 177,198                | 0                           | 17,962                                   | -1               |
|              | <b>Total</b> | <b>473,866</b>                                   | <b>92.1%</b>   | <b>436,396</b>  | <b>436,396</b>         | <b>0</b>                    | <b>37,470</b>                            | <b>0</b>         |
| Hungary(4)   | 2013         | 49,365   | 35%  | 17,296  | 17,464                 | 0                           | 32,069                                   | -168             |
|              | 2014         | 56,499   | 23%  | 13,102  | 13,102                 | 0                           | 28,249                                   | 15,147           |
|              | 2015         | 83,270   | 39%  | 32,841  | 29,613                 | 3,226                       | 41,635                                   | 8,796            |
|              | <b>Total</b> | <b>189,134</b>                                   | <b>33.4%</b>   | <b>63,239</b>   | <b>60,179</b>          | <b>3,226</b>                | <b>101,953</b>                           | <b>23,775</b>    |
| Ireland(1)   | 2013         | 41,677   | 100%   | 41,677  | 41,677                 | 0                           | N/A                                      | 0                |
|              | 2014         | 35,982   | 100%   | 35,982  | 2,438                  | 33,544                      | N/A                                      | 0                |
|              | 2015         | 41,677   | 100%   | 41,677  | 41,677                 | 0                           | N/A                                      | 0                |
|              | <b>Total</b> | <b>119,336</b>                                   | <b>100.0%</b>  | <b>119,336</b>  | <b>85,792</b>          | <b>33,544</b>               | <b>0</b>                                 | <b>0</b>         |
| Italy(4)     | 2013         | 427,871  | 50%  | 214,657   | 86,950                 | 91,000                      | 213,936                                  | 35,986           |
|              | 2014         | 408,567  | 51%  | 207,508   | 86,950                 | 91,000                      | 204,284                                  | 26,334           |
|              | 2015         | 543,423  | 0%   | 1   | 1                      | 0                           | 271,712                                  | 271,710          |
|              | <b>Total</b> | <b>1,379,861</b>                                 | <b>33.7%</b>   | <b>422,166</b>  | <b>173,900</b>         | <b>182,000</b>              | <b>689,931</b>                           | <b>334,029</b>   |
| Lithuania    | 2013         | 19,978   | 100%   | 19,978  | 19,956                 | 0                           | 0  | 23               |

| Member State   | Year         | Total revenues from the auctioning of allowances | Share of the revenues used or planned to be used for climate and energy purposes (%) | Total used (or planned to be used) for climate related purposes | Of which: Domestic use | Of which: International use | Not used for climate and energy purposes | Use not reported |
|----------------|--------------|--|--|---|------------------------|-----------------------------|--|------------------|
|                | 2014         | 17,340   | 100%   | 17,340  | 11,449                 | 0                           | 0  | 5,891            |
|                | 2015         | 28,414   | 100%   | 28,414  | 30,694                 | 339                         | 0  | -2,619           |
|                | <b>Total</b> | <b>65,732</b>                                    | <b>100.0%</b>  | <b>65,732</b>   | <b>62,099</b>          | <b>339</b>                  | <b>0</b>                                 | <b>3,295</b>     |
| Luxembourg(1)  | 2013         | 4,985  | 50%  | 2,493   | 0                      | 0                           | N/A                                      | 4,985            |
|                | 2014         | 5,155  | 56%  | 2,893   | 0                      | 0                           | N/A                                      | 5,155            |
|                | 2015         | 6,844  | 52%  | 3,534   | 0                      | 0                           | N/A                                      | 6,844            |
|                | <b>Total</b> | <b>16,984</b>                                    | <b>52.5%</b>   | <b>8,920</b>  | <b>0</b>               | <b>0</b>                    | <b>0</b>                                 | <b>16,984</b>    |
| Latvia         | 2013         | 10,792   | 0%   | 13  | 13                     | 0                           | 0  | 10,779           |
|                | 2014         | 10,224   | 1%   | 107   | 107                    | 0                           | 0  | 10,117           |
|                | 2015         | 15,288   | 1%   | 128   | 128                    | 0                           | 0  | 15,160           |
|                | <b>Total</b> | <b>36,304</b>                                    | <b>0.7%</b>  | <b>248</b>  | <b>248</b>             | <b>0</b>                    | <b>0</b>                                 | <b>36,056</b>    |
| Malta(1)       | 2013         | 4,466  | 100%   | 4,466   | 2,869                  | 0                           | N/A                                      | 0                |
|                | 2014         | 3,915  | 100%   | 3,915   | 5,686                  | 0                           | N/A                                      | 0                |
|                | 2015         | 6,185  | 100%   | 6,185   | 12,007                 | 50                          | N/A                                      | -50              |
|                | <b>Total</b> | <b>14,565</b>                                    | <b>100.0%</b>  | <b>14,565</b>   | <b>20,562</b>          | <b>50</b>                   | <b>0</b>                                 | <b>-50</b>       |
| Netherlands(1) | 2013         | 134,237  | 100%   | 134,237   | 0                      | 0                           | N/A                                      | 134,237          |
|                | 2014         | 131,101  | 100%   | 131,101   | 0                      | 0                           | N/A                                      | 131,101          |
|                | 2015         | 187,250  | 100%   | 187,250   | 0                      | 0                           | N/A                                      | 187,250          |
|                | <b>Total</b> | <b>452,588</b>                                   | <b>100.0%</b>  | <b>452,588</b>  | <b>0</b>               | <b>0</b>                    | <b>0</b>                                 | <b>452,588</b>   |
| Poland         | 2013         | 244,022  | 53%  | 128,677   | 128,681                | N/A                         | 115,345                                  | -4               |
|                | 2014         | 78,010   | 50%  | 39,024  | 39,027                 | N/A                         | 38,986                                   | -3               |
|                | 2015         | 132,824  | 52%  | 68,518  | 68,518                 | N/A                         | 64,306                                   | 0                |

| Member State | Year         | Total revenues from the auctioning of allowances | Share of the revenues used or planned to be used for climate and energy purposes (%) | Total used (or planned to be used) for climate related purposes | Of which: Domestic use | Of which: International use | Not used for climate and energy purposes | Use not reported |
|--------------|--------------|--|--|---|------------------------|-----------------------------|--|------------------|
|              | <b>Total</b> | <b>454,855</b>                                   | <b>51.9%</b>   | <b>236,219</b>  | <b>236,226</b>         | <b>0</b>                    | <b>218,636</b>                           | <b>-7</b>        |
| Portugal     | 2013         | 72,782   | 98%  | 71,402  | 68,981                 | 2,421                       | 0  | 1,380            |
|              | 2014         | 67,095   | 97%  | 65,010  | 61,989                 | 3,021                       | 0  | 2,085            |
|              | 2015         | 99,210   | 84%  | 83,699  | 80,324                 | 4,483                       | 0  | 14,403           |
|              | <b>Total</b> | <b>239,087</b>                                   | <b>92.1%</b>   | <b>220,111</b>  | <b>211,294</b>         | <b>9,925</b>                | <b>0</b>                                 | <b>17,868</b>    |
| Romania      | 2013         | 122,736  | 74%  | 91,172  | 68,202                 | N/A                         | 31,564                                   | 22,970           |
|              | 2014         | 97,891   | 69%  | 67,694  | 67,694                 | N/A                         | 30,197                                   | 0                |
|              | 2015         | 195,216  | 22%  | 42,512  | 42,512                 | N/A                         | 152,704                                  | 0                |
|              | <b>Total</b> | <b>415,843</b>                                   | <b>48.4%</b>   | <b>201,377</b>  | <b>178,407</b>         | <b>0</b>                    | <b>214,466</b>                           | <b>22,970</b>    |
| Slovakia(4)  | 2013         | 61,703   | 0.1%   | 62  | 62                     | 0                           | 0  | 61,641           |
|              | 2014         | 57,635   | 26%  | 15,010  | 15,011                 | 0                           | 0  | 42,624           |
|              | 2015         | 84,509   | 18%  | 15,085  | 15,037                 | 0                           | 0  | 69,472           |
|              | <b>Total</b> | <b>203,847</b>                                   | <b>14.8%</b>   | <b>30,157</b>   | <b>30,110</b>          | <b>0</b>                    | <b>0</b>                                 | <b>173,737</b>   |
| Slovenia     | 2013         | 17,739   | 50%  | 8,889   | 4,558                  | 0                           | 0  | 13,181           |
|              | 2014         | 16,642   | 50%  | 8,321   | 9,127                  | 0                           | 0  | 7,515            |
|              | 2015         | 24,421   | 100%   | 24,421  | 15,527                 | 0                           | 0  | 8,894            |
|              | <b>Total</b> | <b>58,802</b>                                    | <b>70.8%</b>   | <b>41,631</b>   | <b>29,212</b>          | <b>0</b>                    | <b>0</b>                                 | <b>29,590</b>    |
| Spain        | 2013         | 346,111  | 100%   | 346,111   | 414,642                | 0                           | N/A                                      | -68,531          |
|              | 2014         | 330,097  | 112%   | 370,216   | 370,217                | 0                           | N/A                                      | -40,120          |
|              | 2015         | 489,524  | 79%  | 387,790   | 387,790                | 0                           | N/A                                      | 101,734          |
|              | <b>Total</b> | <b>1,165,732</b>                                 | <b>94.7%</b>   | <b>1,104,117</b>  | <b>1,172,649</b>       | <b>0</b>                    | <b>0</b>                                 | <b>-6,917</b>    |
| Sweden(1)    | 2013         | 35,700   | 100%   | 35,700  | 17,900                 | 17,800                      | N/A                                      | 0                |



| Member State             | Year         | Total revenues from the auctioning of allowances | Share of the revenues used or planned to be used for climate and energy purposes (%) | Total used (or planned to be used) for climate related purposes | Of which: Domestic use | Of which: International use | Not used for climate and energy purposes | Use not reported |
|--------------------------|--------------|--|--|---|------------------------|-----------------------------|--|------------------|
|                          | 2014         | 33,598   | 56%  | 18,939  | 0                      | 18,939                      | N/A                                      | 14,659           |
|                          | 2015         | 52,421   | 58%  | 30,467  | 15,878                 | 14,589                      | N/A                                      | 21,954           |
|                          | <b>Total</b> | <b>121,719</b>                                   | <b>69.9%</b>   | <b>85,106</b>   | <b>33,778</b>          | <b>51,328</b>               | <b>0</b>                                 | <b>36,613</b>    |
| <b>United Kingdom(1)</b> | 2013         | 485,361  | 100%   | 485,361   | 297,065                | 188,296                     | N/A                                      | 0                |
|                          | 2014         | 401,504  | 100%   | 401,504   | 328,608                | 72,896                      | N/A                                      | 0                |
|                          | 2015         | 586,257  | 100%   | 586,257   | 572,428                | 13,829                      | N/A                                      | 0                |
|                          | <b>Total</b> | <b>1,473,122</b>                                 | <b>100.0%</b>  | <b>1,473,122</b>  | <b>1,198,101</b>       | <b>275,021</b>              | <b>0</b>                                 | <b>0</b>         |

(1) Member State where revenues are not earmarked (AT, DK, FI (in 2015 only), IE, LU, MT, NL, PL, SE, UK).

(2) Belgium will start using its revenues soon following distribution between the Federal government and governments of the different regions.

(3) Croatia began auctioning allowances in January 2015, aggregated revenues in this year also included auctioning volumes from 2013 and 2014.

(4) Member State where national legislation commits 50% of the revenues for climate and energy purposes (EE, HU, IT and SK).

