



EU Emissions Trading System

Auction Revenue Use

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Unit B.1: ETS Policy Coordination and International Carbon Markets

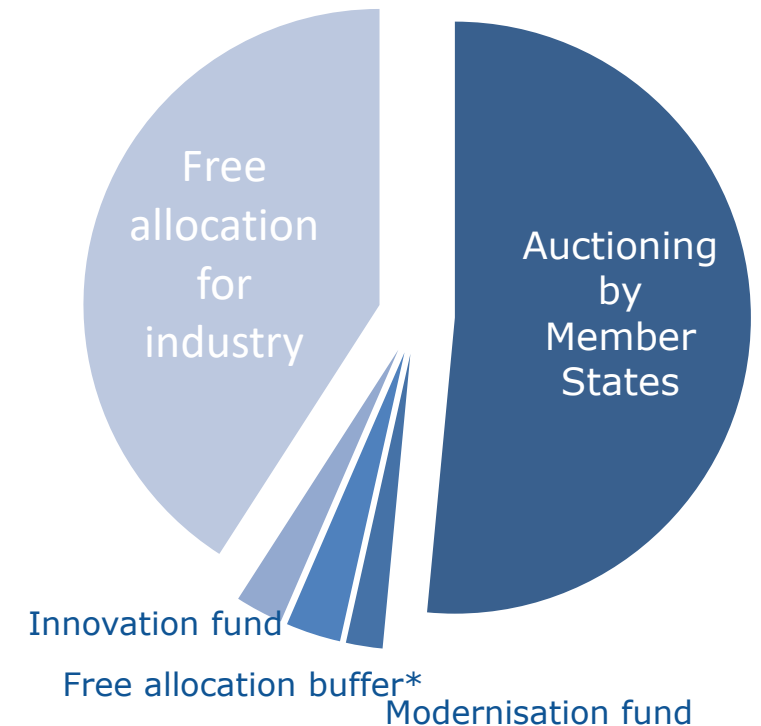
Overview

- The overall framework
- Reporting and monitoring
- Spending in practice

Framework on the use of revenues

The general framework

- Auctioning was introduced in 2013
- Today, the auctioning share is 57% of the cap
- Since 2013, over **EUR 200 billion** has been raised (EUR 113 billion in the 2021-2023 period)
- The large majority of auction revenues goes to the Member States. Split:
 - 90 % in shares based on the verified emissions when the system started;
 - 10 % amongst certain Member States for the purposes of solidarity, growth and interconnections within the Union
- In 2023 alone, a total of EUR 43.6 billion was raised. Member States received EUR 38.6 billion in auction revenues
- 4 • Minor shares go to European funds: the Innovation Fund and the Modernisation Fund



Rules applicable to Member State revenues

- Until June 2023: **50%** of revenues **should** be spent for the purposes in Art. 10(3)
- After June 2023: **100%** of revenues **shall** be spent for the purposes in Art. 10(3)
- Possibility to channel the revenues via the **general budget**
- List of purposes included in Article 10(3) of the ETS Directive, e.g. **RES, energy efficiency, transport**
- Several new purposes have been added to the list (i.a. related to restoration, soil sequestration, carbon removals, **transport**, etc...) broadening the scope
- Additional revenues to MS with responsibility for a high ratio of shipping companies compared to their population, to be used for specific maritime purposes
- Reporting on use of revenues to implement **NECPs** and territorial **just transition plans**
- Taking into account national circumstances, the Member States must endeavour to ensure the **visibility** of the source of the funding of actions or projects

Reporting and monitoring

Reporting and monitoring

- Member States need to report annually on their revenue use by 31 July pursuant to Article 19(2) of the Governance Regulation
- Empowerment to set templates for reporting. Revised in 2024 to incorporate new requirements
- Article 5: *“If the Commission considers that the information referred to in the first subparagraph is not sufficiently detailed for an assessment of compliance with Article 10(3) of Directive 2003/87/EC, the Commission shall request that the relevant Member State **resubmit the report** with sufficiently detailed information Such resubmission shall be made within two months from the receipt of the request.”*
- Carbon Market Report and Climate Action Progress Report

Table 3

Revenues disbursed or committed in the year X-1 from the revenues generated from the auctioning of allowances for domestic, Union and international purposes pursuant to Articles 3d and 10 of Directive 2003/87/EC

1	Type of use ⁽¹⁾	Name of the project or programme	Short description	Category ⁽²⁾	Amount for year X-1		Status as disbursed and year ⁽³⁾	Status as committed and year ⁽⁴⁾	Visibility ⁽⁵⁾	Maritime redistribution mechanism ⁽⁶⁾	NECP / JTP ⁽⁷⁾	Manufacturing of net-zero technologies	Comments
2	E.g. Article 10(3), point (a), of Directive 2003/87/EC, Article 10(3), point (b), of Directive 2003/87/EC, etc.	E.g. programme, activity, action or project title	Include implementing agency and reference to online source of more detailed description	Indicate the category that best corresponds from the options provided	1 000 Euros	1 000 Domestic Currency	Indicate year in which the revenues were generated	Indicate year in which the revenues were generated	Indicate how visibility is ensured and by whom (e.g. beneficiary, or relevant public body)	Tick the box if the project or programme uses Article 3ga(3) revenues	Indicate if implementing the NECP or a JTP with the action	Tick the box if the project or programme is for manufacturing of net-zero technologies ⁽⁸⁾	E.g. explain gaps, qualitative information on specific uses if quantitative information is not available
3	A	B	C	D	E	F	G	H	I	J	K	L	M
4													
5													

(Add rows as necessary)

6		Total amount of revenues or equivalent financial value used			Sum of column D	Sum of column E							
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Spending in practice

Different approaches exist with regard to spending the revenues

Three main approaches:

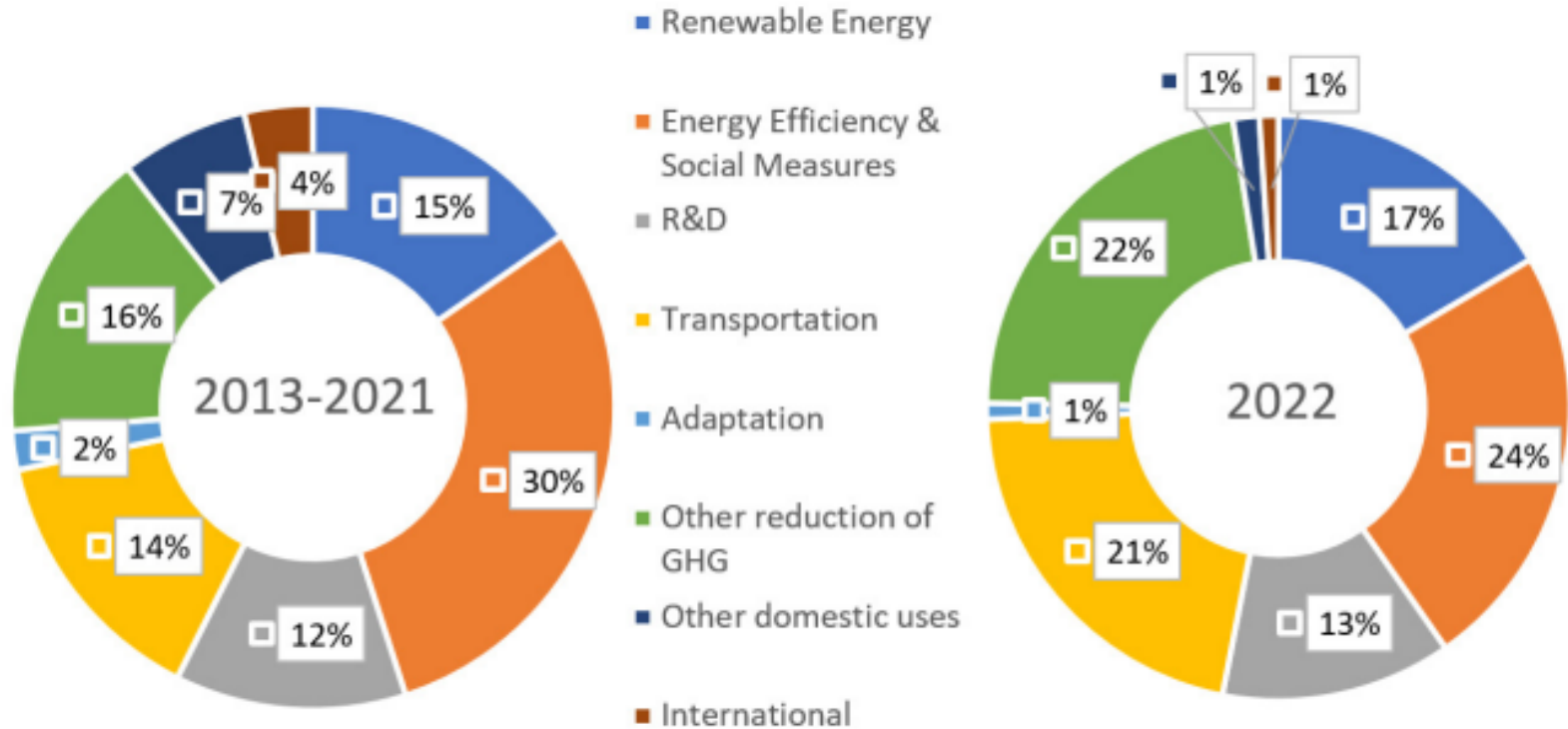
- Ad hoc decisions on concrete projects
- Dedicated Funds
- No earmarking: revenues to general budget, reporting of projects with 'equivalent financial value'

Dedicated funds help keep track of unspent revenues and ensure spending on the right purposes → more important with the obligation to spend 100% auction revenues in the list and to ensure visibility

In which sectors spend Member States their auction revenues?

Sum of projects and actions reported for 2013-2021: 50.1 billion Euro

Sum of projects and actions reported for 2022: 20.2 billion Euro



Carbon Market Report data

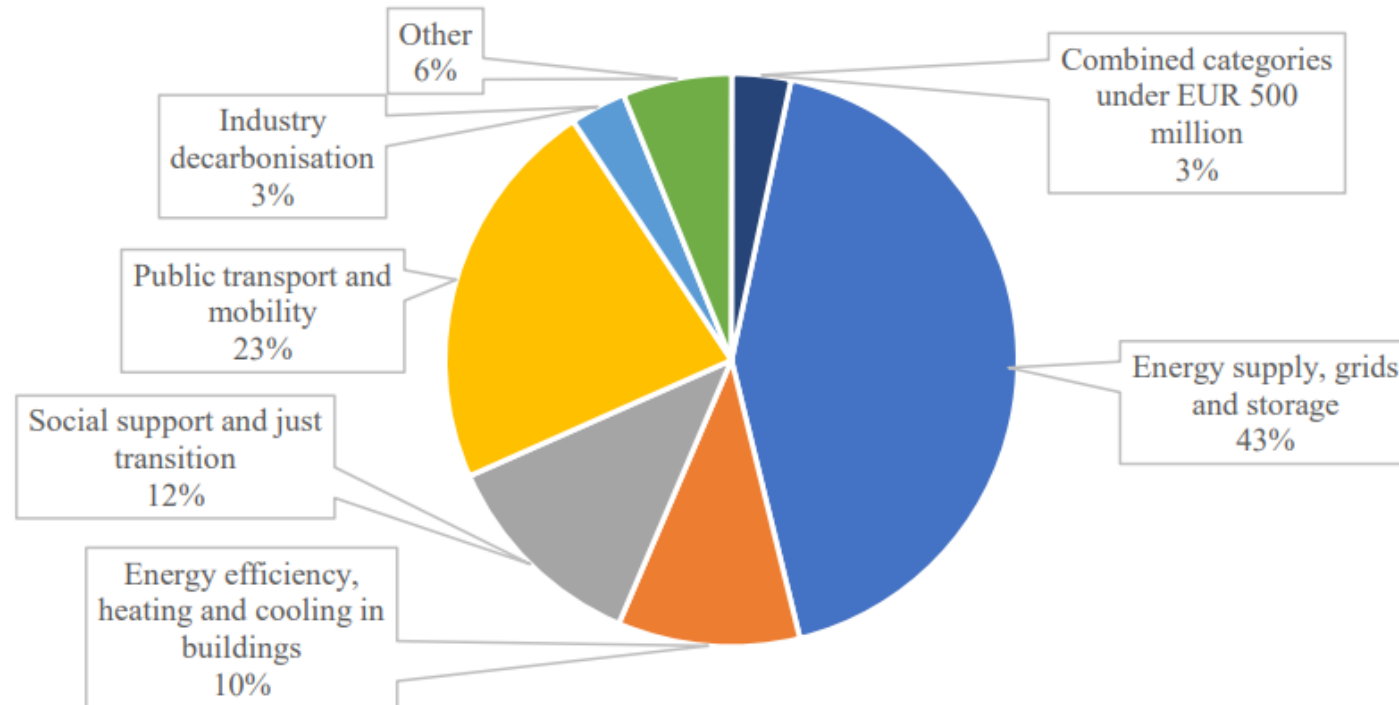
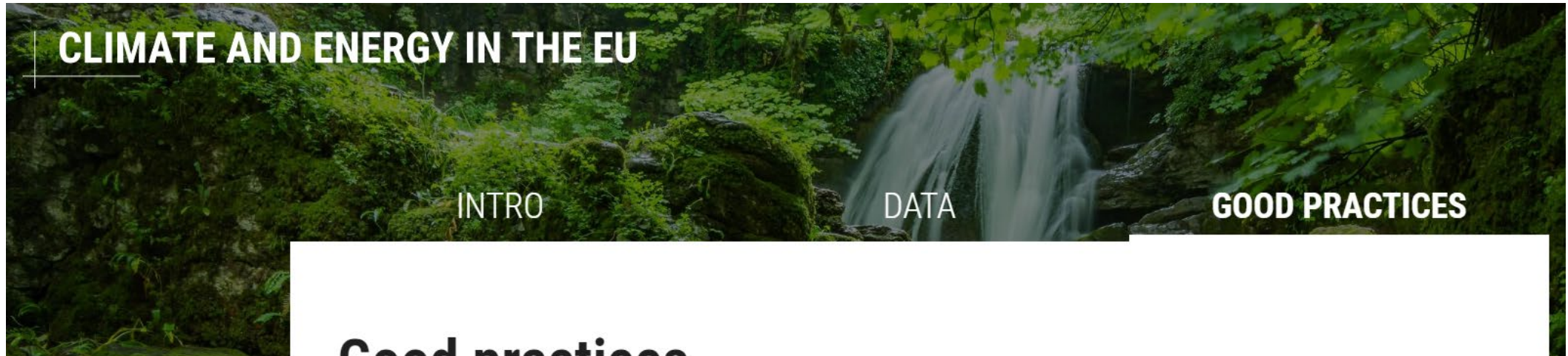


Figure 8. Split of the EUR 22.2 billion of the 2023 ETS auction revenue reported as disbursed, per category. Combined categories under EUR 500 million include (in EUR million) road transport (309), adaptation (155), international purposes and international climate finance (110), LULUCF, agriculture and land-based removals (59), administrative expenses (54), waste management (29), maritime transport (17), aviation (13) and permanent removals (3).

Best practices: publication on the [EEA website](#)



TOPICS

Climate finance

Assistance to developing countries

Use of ETS auctioning revenues

COUNTRIES

CATALOGUE

Good practices

This page provides examples of good practices for the use of EU ETS auctioning revenues from 13 Member States. For further details on an individual project click below. For access to the full list of good practice case studies [click here](#).

[Subsidy for Energy renovation of Social Housing in Belgium](#)

The Energy Renovation of Social Housing Programme in Flanders, Belgium, provides financial assistance to social housing companies for energy renovation of the dwellings. The aim is to support households with low- to middle-incomes. The programme led to significant improvements in the energy efficiency of dwellings and led to an estimated reduction of 1.4 million tons of CO₂. Auctioning revenues entirely financed the programme.

[Supporting the projects in Flood Risk Management Plans Programme in Estonia](#)

Examples of good practices

- Fleet Renewal Plan including updating to electric and more energy efficient ferries and improvement of the Transtejo fleet (river transportation), Portugal, 2024
- Mobility voucher programme in Italy
- Better living programme for energy efficiency in low-income households in France
- RES support scheme in Greece
- Flood Risk Management Plans Programme in Estonia
- Mapping of coastal and bottom marine habitats in the area of the Adriatic Sea in Croatia

Thank you



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