



The Modernisation Fund under the EU ETS

**EU ETS Modernisation Fund: enabling the
Transition for all Member States**

Panel discussion / Energy Post event

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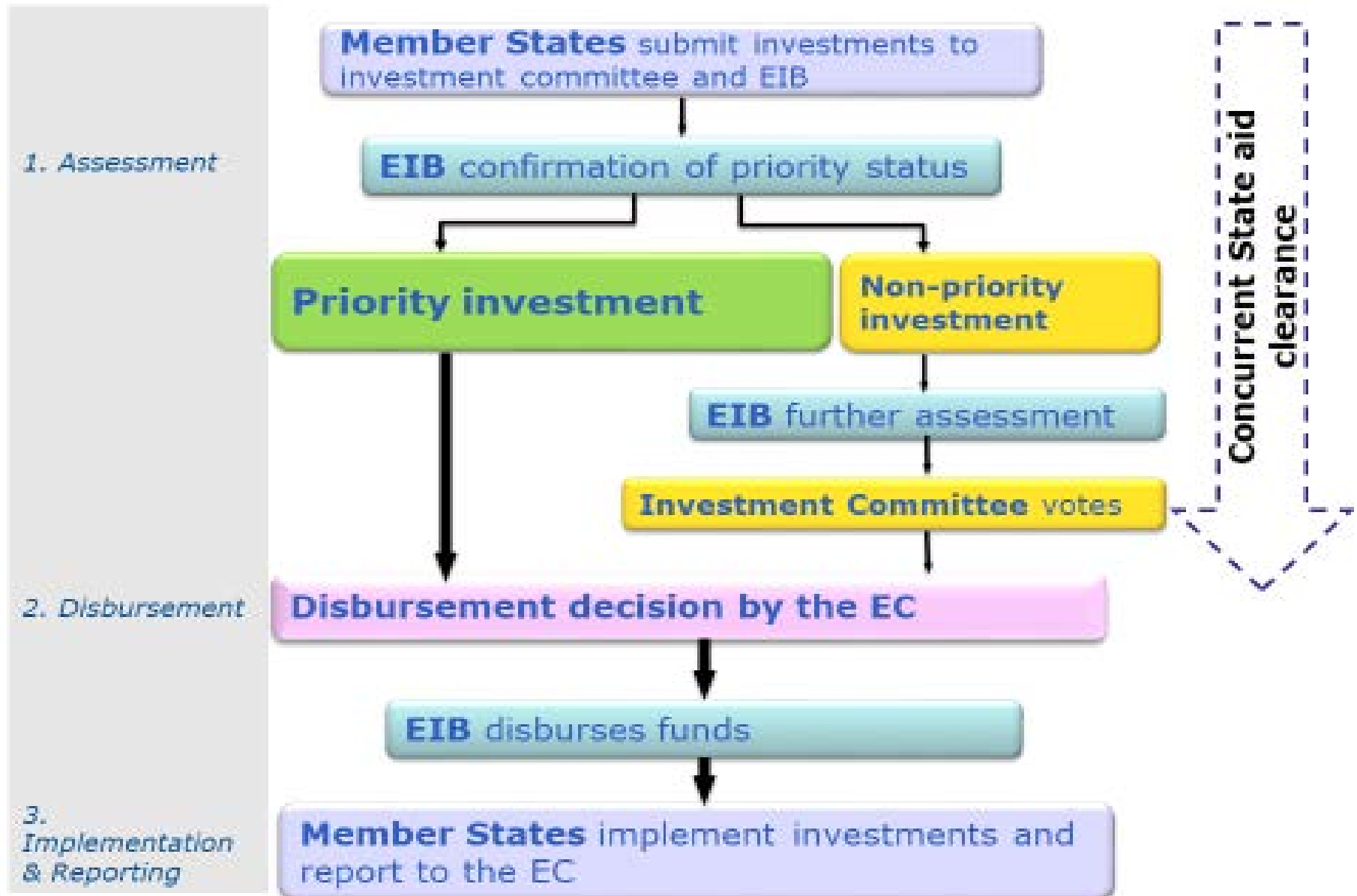
Modernisation Fund

- Support for modernisation of energy systems and just transition in 10 beneficiary Member States
- Consistent with the aims of the ETS Directive, the objectives of the Energy Union framework and of the long-term objectives in the Paris Agreement
- Size: 2% of total quantity of allowances
- Additional allowances can be transferred to the MF: *Article 10c and Article 10(2)(b) of the ETS Directive.*
- Auctioning of allowances on common auction platform and in equal shares for each year (2021 to 2030)

BG	5.84%
CZ	15.59%
EE	2.78%
HR	3.14%
LV	1.44%
LT	2.57%
HU	7.12%
PL	43.41%
RO	11.98%
SK	6.16%

	Priority investments	Non-priority investments
Scope	<ul style="list-style-type: none"> • Generation and use of renewable electricity • Energy efficiency improvements • Energy storage • Modernisation of energy networks • Just transition in carbon-dependent regions 	<ul style="list-style-type: none"> • Any other area not listed as priority area in the ETS Directive • Solid fossil fuels not eligible (except efficient district heating in BG and RO)
Maximum funding	<ul style="list-style-type: none"> • Up to 100% of relevant costs 	<ul style="list-style-type: none"> • Up to 70% of relevant costs • Remaining costs by private legal entities
Fund allocation	<ul style="list-style-type: none"> • At least 70% of the Fund 	<ul style="list-style-type: none"> • At most 30% of the Fund
Path to funding	<ul style="list-style-type: none"> • EIB confirmation • Disbursement decision 	<ul style="list-style-type: none"> • EIB assessment • Consensus or positive vote in investment committee • Disbursement decision

Process overview



Key elements

Applicability of
EU State aid
rules and other
EU acquis

Assessment of
investments

Governance of
investment
committee

Disbursement

Monetisation
and asset
management

Implementation
and reporting

Next steps

Implementing act concerning the detailed rules on the operation of the Modernisation Fund to be adopted by the Commission



Concept paper being discussed with Member States

Modernisation Fund operation milestones

- **Investment committee constitution Q2 2020**
- **Investment committee 1st meeting Q3 2020**
- **Modernisation Fund operational as of 2021**