



ClimateFair Monitor

Towards climate-neutral buildings and road transport

CLIMATE POLICY CHALLENGES IN ENERGY CRISIS:

how to reduce dependence on
fossil fuels in CEE through effective
social-climate measures



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1. INTRODUCTION

The context for progressive social climate policy has rapidly changed in 2025 and 2026. The postponement of the **European Union's second Emissions Trading System** (further – EU ETS2) to at least 2028 and the fossil fuel price shock driven by geopolitical events pose a severe challenge to the development of an EU-wide carbon pricing scheme. At the same time, such a scheme is urgently needed to reduce social inequalities, lessen dependence on fossil fuels and send a stronger signal to households that the time of the Internal Combustion Engine (ICE) cars and fossil fuel heating systems is coming to an end. Since the start of the Middle East conflict (and even before), politicians throughout the continent have advocated for and pushed through lower carbon-energy taxes, while fuel sales have remained stable and fossil

fuel companies have made enormous profits. In several CEE countries, the start of the Middle East crisis coincided with pre-election periods (Bulgaria, Hungary, Slovenia), which further stimulated a populist response to the fossil fuel crisis.

In a situation, where EU-level policies, at least for the time being, have stopped driving developments at member states level, it is crucial to analyse the good practices that individual countries pursue in order to maintain the momentum of a socially oriented climate policy.

The below sections provide a summary of some country-specific developments that constitute the background to this report – national actions in response to the fuel crisis.

Bulgaria

Bulgaria's government's response to the increase in fuel prices has been in place since the beginning of April 2026. The response measures range from a direct income support to vulnerable households to a package of measures for the private sector (transport and agricultural sector) that is to unfold at stages depending on the price dynamics.

By April 8, 2026, the total amount of various measures approved by the government amounted to 131,9 mln euro.

On April 2, 2026, the establishment of a Crisis Headquarters (CH), within the Council of Ministers, was announced in order to coordinate the monitoring and control of commodity and fuel prices in the wake of the conflict in the Middle East. The key responsibilities of the CH are the implementation of the various measures and monitoring of non-market behavior across the supply chains in coordination

with stakeholders from the private sector and consumer-led organizations. The CH has to:

- a) request information on the status and dynamics of commodity and fuel prices as a result of the conflict in the Middle East;
- b) request information on the measures developed to address the increase in fuel prices by the interinstitutional working group established by order of the Prime Minister;
- c) propose and undertake measures related to the control of the increase in commodity and fuel prices, as well as other factors influencing pricing.

In general, the measures are focused on decreasing the pressure caused by the prices on selected consumers (households and businesses) instead of implementing incentives for substitution of fossil fuels with renewables.

Hungary

In March 2026, just one month before the national elections, the Hungarian government led by Prime Minister Viktor Orbán introduced several measures aimed at reducing fuel prices. These included a price cap on petrol and diesel, a reduction in fuel excise duties to the EU minimum level, the release

of strategic fuel reserves, and a ban on the export of crude oil, 95-octane petrol, and diesel. The price reduction measures were extended to businesses and freight operators; however, eligibility was conditional on vehicles having Hungarian licence plates. The European Commission initiated an

infringement [procedure](#) against this measure. Moreover, its practical impact on larger market participants remained limited, as many relied on wholesale procurement arrangements that were not fully covered by the scheme. On 27 May 2026, the price of 95-octane petrol at Hungarian filling stations was HUF 595 per litre (approximately EUR 1.67 per litre), while the average diesel price stood at HUF 615 per litre (approximately EUR 1.73 per litre).

Following the parliamentary elections in April 2026, Orbán's government was voted out of office after 16 years in power. The incoming TISZA government

subsequently committed to maintaining the low petrol and diesel prices. The new government faces a challenging situation on several fronts, including a number of energy-policy-related issues, a high government budget deficit, some of the highest corporate electricity rates in Europe, around one million households in energy poverty, and an 80 % dependence on Russian energy. This is taking place in the context of ongoing geopolitical crises, including the war in Ukraine and instability in the Middle East. These crises have clearly exposed Hungary's structural vulnerabilities.

Latvia

During March 2026, Latvia experienced an increase in [inflation](#) by 1.9 % compared to the previous month, while diesel gas prices rose as much as 25%. Latvia [is tackling](#) the rising prices by reducing the excise tax for diesel fuel for the period from April 2026 through the end of June 2026; this measure would potentially drop the prices by approximately EUR 0.086 per litre. However, some economists [argue](#) that the purchasing ability is stable and this tax cut would just mean less income for the state. In their [latest Audit](#) report on development of climate policies in the transport sector, the State Audit Office of the Republic of Latvia points out the necessity to introduce measures for vulnerable households

to tackle the expected fuel price increase in 2028, when the ETS2 will start to operate, as for now there are no such measures. Furthermore, the State Audit Office evaluated Latvia's progress towards achieving climate goals in the transport sector as insufficient by, stating that "Latvia is at risk of not achieving climate goals in the transport sector by 2030; policy coordination is fragmented, support instruments are dispersed, and public resources are insufficiently targeted towards measures that would have a verifiable impact and high cost-effectiveness." Latvia is in urgent need to prioritize efficient policies, finally introducing support for vulnerable groups as well.

Poland

At the end of March 2026, the Polish government decided to introduce the so-called "Lower Fuel Prices" program. It consists of the same measures as in Slovenia:

- reduction of VAT on fuel and gasoline to lowest level permitted under EU rules;
- reduction of excise duty on crude oil and gasoline for transport to the lowest level permitted under EU rules;

the introduction of a regulated maximum daily price for petrol and diesel. The program was intended to remain in place until 15th May 2026, but is going to be prolonged as long as necessary. It does not regulate the prices for gas and fuels used in the residential sector.

To reduce the burden that the "Lower Fuel Prices" places on the national budget, the government has started working on the windfall tax for fuel-producing companies. However, this measure has not yet been introduced.

Romania

Fuel prices in Romania have shown a significant upward trend, reaching new all-time highs in May 2026. The increases were driven by international tensions and high demand, with petrol prices rising particularly sharply. Significant increases were recorded around 20–24 March. Compared with mid-March, fuel prices increased significantly in the period immediately following, with petrol prices rising by 7.4% and diesel prices up 14.7%.

The upward price trend continued, with diesel and premium petrol consistently exceeding the 9-lei mark at most petrol stations.

The Romanian government has adopted a series of emergency measures to curb rising prices and protect the economy.

- Reduction in excise duty on diesel: The government decided to temporarily reduce the excise duty on standard diesel by 30–36 bani (approx EUR 0.06–0.07) per litre, a measure that took effect in early April 2026.
- Capping of the markup: An emergency ordinance approved a cap on the markup across the entire petrol and diesel distribution chain, set at the 2025 average.
- Declaration of a state of crisis in the fuel market: Through Emergency Ordinance 24/2026, the government declared a state of crisis in the fuel market, allowing for direct market intervention and price caps until June 30 2026.
- Voluntary contribution by operators: The implementation of a model similar to the one used in 2022 was discussed, whereby economic operators would make voluntary contributions to help reduce the final fuel price.
- Modification of the aid scheme for transporters: The state aid scheme was modified to partially offset the excise duty on diesel used by transporters, allowing for faster payments.

Slovenia

In March 2026, the Slovenian government quickly introduced several measures to limit the fuel price increases triggered by the escalation of conflict in the Middle East. These measures included a reduction of excise duty on diesel, petrol and heating oil down to the minimum rates that are required by the EU Energy tax directive. Moreover, the national CO₂ tax on these fuels was reduced from 31 EUR/ tCO₂ to 0 EUR. More importantly, Slovenia has for several years regulated the profit margins of fuel retailers by setting maximum prices every two weeks. Due to the dynamic development of international market prices of fuels at the beginning of the war, this led

to a situation in which Slovenia temporarily had the lowest diesel and petrol fuel prices in Europe (except for Malta). This in turn triggered both a large increase in fuel tourism and the stockpiling of fuel by Slovenian consumers. Fuel shortages, especially in the border regions, long queues at the gas stations and eventually a rationing regime were the consequences. All of this happened in the weeks leading up to the national election on March 22. After the elections the situation normalised, regulated prices increased (but are still at a comparably low level), rationing was ended, and the price regulation interval was reduced from two weeks to one week.

Existing guidelines and summary reports

- Ricardo & Oekoinstitut (2025). A study of supporting measures promoting decarbonisation in the sectors covered by ETS2. <https://op.europa.eu/en/publication-detail/-/publication/2d8c3aa1-91dd-11f0-97c8-01aa75ed71a1/language-en>





2. COMPLEMENTARY PRICING INSTRUMENTS AND ALTERNATIVE FUNDING STREAMS FOR SOCIAL CLIMATE POLICY MEASURES

What kind of economic policy tools CEE countries use to counter climate change and to accelerate energy transition? This chapter offers country examples describing carbon-energy pricing instruments in CEE countries. Examples: taxes, duties, additional fees, ETS and its revenues.

Hungary

In Hungary, the complementary pricing mechanisms and alternative financing sources used in energy policy provide little, if any, incentive to reduce consumption. Moreover, these measures fail to target people living on the margins of society or do so only to an extremely limited extent (around 2.5 million people in Hungary live in poverty). Currently applied measures are:

- Annual vehicle tax: depends on the vehicle's environmental classification and engine power.
- Registration fees: depends on the vehicle's environmental classification and engine power.
- Parking fees in public places: electric vehicles do not have to pay parking fees in several cities, however, size and engine power are not considered, higher fees to be introduced for SUVs in 2027 in Budapest.
- Household gas: those who consume over the national average subsidy cap pay a price seven

times higher than the "residential market price" for any amount used over the national average. This measure was introduced in August 2022 and resulted in a 23% reduction of household gas consumption between 2021 and 2023.

- Household electricity: those who consume over the national average subsidy cap pay a price twice higher than the "residential market price" for any amount used over the national average.
- Electricity pricing for prosumers: those who registered until the end of 2025 are credited at a 1:1 ratio – the same price the user pays for grid consumption is credited for the energy their solar system feeds into the grid.

[The program of the TISZA Party](#), which came to power as a result of the parliamentary elections in April 2026, contains many positive elements but also several controversial ones. It is still to be seen which of these will be implemented.

Latvia

National use of ETS1 revenues in Latvia: Since 2024, more favourable terms for families with three and more children applying for support to purchase electric vehicles using revenues from [EU ETS](#). ETS1 revenues have been used to support households to transition their energy consumption to a more climate-friendly one. Latest programs include support to change household's heating installments

to solar powered or heat-pumps. Additionally, support to purchase electric vehicles has been around from 2021, however, these funding programs haven't had the social perspective, up until now, when more favourable terms have been introduced for families with three and more children. For each additional child the support increases for 1000 EUR per vehicle to be purchased.

Poland

In Poland, currently, the following pricing instruments and funding streams exist:

- Road pricing (only for commercial road transport, i.e., freight transport, delivery, commercial and public transport). This measure applies only to highways and expressways, currently, over 2000 km in total in Poland. Revenues from these sources are used solely for the road maintenance purposes. It was about 6,5 bln PLN in 2024.
- Fuel surcharge (fuel fee). A charge imposed on every litre of fuel sold. In 2024, the revenues from the fee were expected to amount to approximately 8,4 bln PLN. Currently, most of the proceeds are allocated to the maintenance of the roads (78%), 18% to the maintenance of railways and about 4% to the development of regional public bus transport (Bus Transport Development Fund).
- EU ETS1 revenues – revenues generated from the EU ETS1 represent an increasingly substantial source of income for the state budget. In 2024, they amounted to as much as 16,6 bln PLN. According to the National Chamber of Control, only 1,3% of this income was allocated to verifiable investments supporting transition to a low-emission economy, while the remainder was used for other expenditures within the state budget.
- Mandatory insurance for car owners. In 2024, the income from mandatory insurance amounted to 31,4 bln PLN. All the revenues are directed to insurance companies, although they claim that in many cases, this type of insurance generates low profits. Additionally, a portion of the revenues (12%) need to be transferred to the health care system in Poland.
- Urban parking fees. Parking fees in cities are determined by each municipality, however, the fee cannot exceed the maximum rate set by the national law. Depending on the city, the revenues may range from 40 up to 270 mln. PLN. Currently, the revenues must be allocated on public transport needs within the city.
- Measures for establishing clean transport zones in the cities, where an entrance fee applies for access to the zone. Nevertheless, currently none of the cities has applied any such payment schemes. There are only four zones in Poland (Warsaw, Cracov, Katowice and Szczecin).

Romania

The main instrument was the ETS1 pricing system. Revenues generated from the auctioning of greenhouse gas emission allowances under ETS1 are managed under the requirement that at least 50% of the proceeds be reinvested in initiatives supporting climate and energy objectives.

According to the legislative framework updated in 2025, the gross proceeds from auctions are allocated to the main entities managing the transition programs:

- Ministry of Energy: Retains a share (approximately 3%) of the gross proceeds for administrative and implementation expenses.
- Environmental Fund Administration (AFM): Receives a significant portion to finance national green programs (e.g., Rabla, Casa Verde).
- State Budget: The remaining revenue is directed to the central budget, with the requirement to be used in specific areas established by Directive 2003/87/EC.

Price adjustment methodologies in infrastructure: clear formulas have been established for adjusting prices in cost estimates for public projects funded by the European Union. These prevent technical bottlenecks caused by price fluctuations in the materials needed for the green transition.

Slovenia

In Slovenia, several carbon-energy pricing instruments are currently in place, some of which are less vulnerable to energy price shocks compared to excise duties on energy products. These include:

- **Energy efficiency fee:** The energy efficiency fee is a small fee per litre of fuel and kWh of electricity; its revenue is earmarked for the Slovenian EcoFund, which in turn runs several tenders (both grants and preferential loans) for energy efficiency investments of households and small businesses. The EcoFund also has a dedicated program for energy-poor households, which can receive investment grants of up to EUR 18,000. Due to the modest rate of the fee, it is rarely subject to adjustments when energy prices increase. Nevertheless, it plays a significant role in financing energy efficiency investments due to its broad tax base.
- **CO₂ tax:** This tax is Slovenia's national, long-term carbon pricing instrument for the sectors buildings and road transport (currently, at 30.85 EUR/ t CO₂); the tax was introduced in 1997 and it predates the EU ETS. However, the revenues are directed to the national budget and are not earmarked for climate action (let alone social

climate measures). While the tax is not changed as often as energy excise duties, it was reduced during both the 2023 and the 2026 fossil fuel price crises.

- **ETS1 revenues and the national Climate fund:** All revenues from the emission allowance auctions under the EU ETS are directed to the national climate fund, established in 2009. The Climate fund finances various projects, although some of them, controversial (e.g., the indirect cost compensation scheme for energy-intensive industry). For several years now, the fund has also been co-financing measures to address energy poverty.

Slovenian carbon-energy pricing policy has some good elements. However, there are still many **recommendations** that could be improved.

- Above all, tax rates and their mid-term development should be enshrined in law, which would make it more difficult for the government to implement ad hoc changes, as it can currently do by simply adopting a government decree that does not have to pass through parliament. Moreover, revenues from the CO₂ tax should be earmarked for (social) climate action, including revenue recycling.



3. REGULATORY MEASURES TO MITIGATE THE EFFECTS OF THE ENERGY CRISIS

This chapter offers country examples describing measures introduced nationally to reduce the burden of rising fuel prices.

Latvia

Latvia is introducing a temporary solidarity payment mechanism for fuel retailers, designed to prevent excessive price hikes by penalizing retailers whose fuel prices exceed an official reference price by more than 3%. The reference price will be calculated weekly by the government, accounting for costs like fuel procurement, logistics, and storage. If a retailer's actual price surpasses this benchmark, the excess revenue must be paid to the state budget.

The system is enforced by SIA "Possessor", which handles calculations and audits, while the Consumer Rights Protection Centre (PTAC) can inspect retailers and impose fines for non-compliance or false declarations. Late payments incur a 0.05% daily penalty.

However, the initiative has faced strong opposition from industry groups like the Latvian Fuel Retailers Association (LDTA) and the Latvian Employers' Confederation (LDDK), who argue that it violates the free market principles and may be unconstitutional. They claim that retailers have little control over prices, as 93% of fuel costs are tied to global oil prices and taxes. Some stakeholders have even threatened legal action, including a possible appeal to the Constitutional Court.

The law is currently a temporary measure (valid until December 31, 2026) and forms a part of broader efforts to stabilize fuel prices amid economic concerns. Additional measures, such as a reduced excise tax on diesel (effective since April 1, 2025) and a potential windfall tax on retailers, are also under discussion.

Romania

Intervention mechanisms and fiscal instruments:

- Adjusting excise taxes: The Ministry of Finance is considering lowering excise taxes to reduce the final price for consumers.
- Voluntary contributions/solidarity taxes: Introducing additional contributions for companies during periods of rising international prices.
- Capping profit margins: A measure applied to limit markups during times of crisis.
- Reducing biofuel: Another method being considered to lower the price of diesel by approximately 5%.

Slovenia

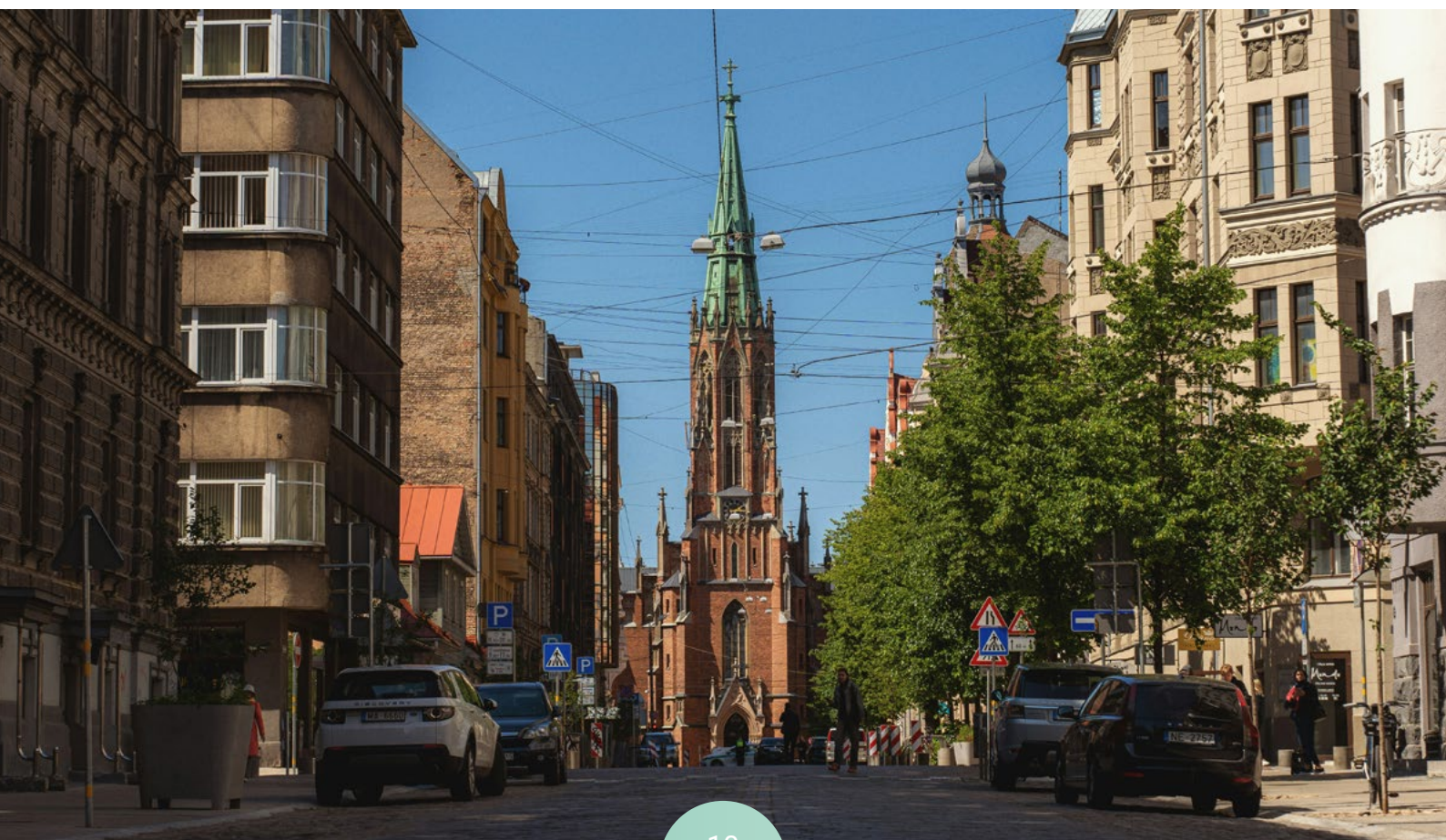
Slovenia's Regulation on the Pricing of Certain Petroleum Products: The regulation sets a maximum end consumer price for diesel and petrol sold at gas stations in Slovenia. For some periods it has been applied to all gas stations, for some periods it excluded the gas stations at motorways and expressways. Maximum prices are re-calculated every two weeks using a fixed methodology based on 7-day averages of the movement of petroleum product prices on the global market. The calculation of the maximum permitted retail prices for both fuels also includes a biofuel component surcharge, which is calculated separately for each fuel. The regulation is very relevant for social climate policy, because it limits excessive profits of distributors of fossil petroleum products, while at the same time keeping prices for end consumers reasonably low and ensuring tax income from carbon-energy taxation, which can then be invested into decarbonisation measures. As a response to the rapid price changes on international markets that were triggered by the Iran war Slovenia reduced the interval of updating maximum prices from two weeks to one week.

Slovenia's regulation on Measures to Ensure the Supply of Crude Oil and Petroleum Products in the Event of Market Disruptions: It provides for three levels of response in the event of serious supply problems.

The least stringent measures include recommendations to reduce car use, use public transport, carpool, work from home where possible, reduce driving speeds, limit business travel, use electric mobility, and adjust heating and cooling temperatures.

Moderate measures include stricter motorway speed limits, mandatory remote work where feasible, temperature limits in public buildings, priority lanes for high-occupancy vehicles, and restrictions on generators using petroleum products where alternatives are available.

The strictest measures include odd-even restrictions on vehicle use, limits on filling station opening hours, caps on the amount of fuel sold per visit, priority refuelling rules for essential users, and restrictions on recreational or non-essential uses of petroleum-powered vehicles.



4. EFFECTIVE SHORT-TERM SOCIAL CLIMATE POLICY MEASURES TO DECREASE THE DEPENDENCY ON FOSSIL FUELS

Can we tackle the energy crisis while not forgetting the climate crisis, and do it in a socially just way? This chapter describes country examples of short-term measures to reduce dependency on fossil fuels and to effectively decrease social inequalities.

Bulgaria

In order to compensate individuals for rising fuel prices, on March 20, 2026, the government approved a [Program to Offset Rising Fuel Prices](#) with a duration till June 30, 2026. It provides a cash payment of EUR 20 per month to eligible individuals when, in a given month, the average retail price of A95 petrol or diesel reaches or exceeds EUR 1.60 per litre for at least three days. Payments are made in the month following the reference period, in line with the standard social benefits payment cycle.

Any individual is eligible for compensation under the program if he/she:

- had an average monthly gross income of 652.41 euro or less for 2025 (twice the poverty line for

2025), or an average monthly gross income for 2024 of 537.88 euro or less (twice the poverty line for 2024).

- owns a motor vehicle (MV) in his/her name, or is a co-owner, or is a lessee of an MV, for which valid “Civil Liability” insurance is in effect for the month the compensation is provided.

This [program](#) has a budget of 25 mln euro, which was allocated from the budget of the Ministry of Labor and Social Policy. According to government's estimates 1 380 000 people will be eligible to receive the individual support of 20 euro. In [April 2026](#) alone a total of 210 934 low-income individuals received this compensation payment.

Romania

In Romania, short-term measures to reduce dependence on fossil fuels focus on promoting individual energy production, energy efficiency and subsidizing clean transportation currently in place are:

- Financing Programs for Self-Consumption (Prosumers)

Green House Photovoltaics is the most important short-term tool that allows households to switch from grid-based energy consumption (often produced from coal or gas) to solar energy. By 2026, the program will also emphasize battery storage to balance consumption without relying on gas-fired power plants during peak hours.

Electric Up program for SMEs and the HoReCa sector to install solar panels and charging stations, reducing the carbon footprint of small businesses.

- Energy Efficiency in Buildings

Thermal Rehabilitation (Renovation Wave) is heavily funded through the PNRR, this measure instantly reduces the demand for natural gas for heating in urban areas by insulating apartment buildings and public institutions.

The **Rabla for Light Bulbs/Appliances** Program combines targeted measures to reduce electricity consumption by replacing old and inefficient equipment.

- Decoupling Oil from Transportation

Rabla Plus subsidizes the purchase of 100% electric or plug-in hybrid vehicles. This is a direct measure to eliminate gasoline and diesel consumption for urban users.

Investments in Charging Infrastructure: Rapid installation of fast-charging stations on highways and in cities to make the transition to electric vehicles feasible in the short term.

- Support for Alternative Heating

Heat Pump Subsidies help to replace gas boilers or wood-burning stoves with electric heat pumps, particularly in rural areas where efficiency is critical.

Modernization of District Heating Systems (SACET) pipeline rehabilitation projects in major cities (Bucharest, Oradea) to reduce massive losses of thermal energy produced from fossil fuels.

- Tax Incentives

Reduced VAT (5%) is applied for the supply and installation of photovoltaic panels, heat pumps, and solar thermal panels, making them immediately accessible to the public.

Slovenia

So far the Slovenian short-term response to the fossil fuel crisis 2026 was very limited (except for the counterproductive carbon-energy tax reductions mentioned above).

- Plan to change EV subsidies (no subsidies for EVs more expensive than 45k EUR any longer; additional higher subsidies for subsidies for cheaper and smaller subsidies of up to 25k EUR)

- Increased subsidies for swapping a fossil fuel heating for a heat pump





5. CONCLUSIONS

As described above, in an attempt to cushion the energy price increases caused by the war in the Middle East, Bulgaria, Hungary, Poland, Latvia, Romania, and Slovenia (as [many other countries around the world](#)) **have reduced taxes** on or provided other subsidies for fossil fuels. However, subsidising fossil fuels stimulates their consumption at a time when every possible measure should be taken to reduce their consumption. Namely, as the [Commission has warned](#), we “should be under no illusion that the impact of the Iran war on energy prices will be short-lived”.

There are also [many other reasons](#) not to introduce subsidies (including tax subsidies) for fossil fuels, even if their market prices rise abruptly. Most importantly, higher consumption leads to greater carbon emissions and other environmental harms. Social disparities grow because the overwhelming majority of such subsidies benefit the rich (this is exemplified by the fact that, on average, the richest 10% of Europeans [consume eight times more](#) transport fuel than the poorest 10%).

Increased demand for fuel also leads to further price increases. It is a truism among economists that the “best cure for high prices is high prices”, which reduces demand. Furthermore, the oil price increases the revenues of the Russian government, helping to finance its war machine.

Ultimately, taxpayers will have to finance the state’s costs of the fuel subsidies in the form of higher public deficit/debt and/or deteriorating public services. So, in the longer term, citizens will gain nothing from lower fuel prices in this respect either.

Several of the measures currently envisaged or implemented by CEE governments either take a long time to take effect or can be expected to only have a limited impact on energy use and emissions. For example, improving the energy efficiency of a meaningful number of buildings takes years or even decades; working from home and reducing public transport fees only have a rather small impact on fuel consumption; reducing speed limits on motorways reduces overall fuel consumption only to a limited extent (naturally, this is a no-regret measure due to several co-benefits, e.g. road safety and better traffic flow). Raising public awareness is indispensable, but, on its own, it will not result in less energy consumption.

As [past experiences have shown](#), governments can mitigate or even avoid social backlash to raising taxes on fossil fuels and fossil fuel products (e.g., [plastics](#)) by providing appropriate compensation to citizens from the revenues arising from the increased taxes. They can even overcompensate citizens if they raise more revenues by [introducing taxes](#) on the [colossal windfall profits](#) of fossil fuel companies.

The CEE countries described in this report, unfortunately, chose a different way. By reducing carbon-energy taxes as a response to the fossil fuel crisis, they reward those who consume the most fuel. If this foregone tax revenue was used instead to compensate the energy poor and vulnerable groups (e.g., pensioners and single-parent households), potentially even including a larger group of beneficiaries (e.g. the bottom 50% of the income distribution), a stronger carbon price incentive could be maintained while supporting the energy poor and reducing inequalities.

6. RECOMMENDATIONS

We kindly invite national governments to urgently:

1. Conduct an effective nationwide communication campaign to raise awareness about
 - a) the enormous disadvantages of the tax reductions and price caps on fossil fuels;
 - b) possible methods to compensate citizens in case of energy price increases instead of subsidising energy consumption;
 - c) quickly and cheaply implementable methods to reduce fossil fuel consumption in transport: reducing car use by appropriate planning, using public transport, active travel modes and carpooling; rethinking the ordering of deliveries to home; eco-driving, etc.
 - d) quickly and cheaply implementable methods to reduce fossil fuel consumption in buildings;
 - e) the necessity to reduce the consumption of products made from fossil fuels (in particular plastics).
2. Remove all tax reduction and price caps on fossil fuels.
3. Decrease subsidies for company cars.
4. Introduce/raise taxes on aviation (e.g. passenger ticket tax, airport tax).
5. Introduce taxes on windfall profits of fossil fuel companies.
6. Introduce high taxes on plastic bottles, single-use plastics and possibly other plastic products.
7. Whenever possible, suspend public funding for energy-intensive activities (e.g., certain road constructions).
8. Use the revenues thus accrued (points 2-6) to provide monetary compensation to citizens.
9. Introduce lower VAT for the purchase and repairs of bicycles, e-bikes, and cargo bikes for individuals, municipalities, and businesses; conduct occasional campaigns for free bicycle repairs by municipalities.
10. Introduce a payment for commuting to work by bicycle or electric mopeds per kilometer traveled, following [the example](#) of seven countries that already implement this or a similar measure.
11. Reduce the speed limits on motorways.
12. Introduce alternate private car access to roads in large cities on different days based on the last number (even or odd) of the license plate.
13. Implement car-free Sundays in large cities.
14. Substantially raise parking fees for cars with an own mass of over 1.6 tons.
15. Ban the use of vehicles that use petroleum products in competitive and recreational events.
16. Prescribe mandatory minimum and maximum temperatures in offices and public spaces (e.g. shops) during summer heat and winter cold, respectively.
17. Immediately start planning and, if possible, implementing the most efficient measures outlined in the Social Climate Fund.
18. Immediately start planning the use of the rest of the revenues from ETS2 for climate and social purposes.

Further described are crucial measures that can and should be implemented in the medium-term by governments to accelerate decarbonisation of road transport and buildings:

Methods and measures to reduce fossil fuel consumption in **transport** to reduce car use by appropriate planning, accelerate the use of public transport, use active travel modes and carpooling; eco-driving, etc.:

- improve bus and rail transport schedules so that schedules are more compatible, convenient and in line with residents' needs with focus on support for long-distance public electric vehicles;
- reduce prices of single-ride, weekly, and weekend tickets for all public transportation (in two Australian states, free public transportation was introduced temporarily in response to the crisis; in Germany, a temporary flat-rate ticket for the entire public transport network costing €9/month was introduced in response to the energy crisis in 2022);
- develop public transport on demand to improve mobility in regions with limited access to public transport;
- introduce strict climate-based requirements for the investors in joint business transport for commuters (to/from industrial zones, between municipalities, etc.) (incl. recycling of old busses and minibusses);
- introduce a speed limit of 30 km/h in densely populated areas, except for main roads;

Measures to reduce fossil fuel consumption in buildings;

- activate and strengthen the energy advisory network and practical assistance to households in reducing energy consumption and transitioning to renewable energy sources (door-to-door counseling);

- introduce targeted direct financial support for vulnerable households;
- increase public funding and strengthen programs for comprehensive building renovations, with a focus on supporting energy-poor households and tenants;
- regulate rents and introduce mechanisms to prevent landlords from passing renovation costs on to tenants;
 - e.g. In 2023, the Act on the Allocation of CO₂ Tax Costs Between Owners and Tenants came into effect in Germany. The provisions of the Act are based on the principle that the lower a building's energy efficiency, the higher the share of CO₂ costs that the property owner must cover.
- accelerate the conversion of district heating systems to renewable energy sources and waste heat;
- strengthen support for community solar power plants, cooperative projects, and other democratic forms of energy production;
- when subsidizing the installation of heat pumps for energy-vulnerable households, additional targeted assistance should also be provided in the event of potential electricity price hikes;
- prepare analysis whether the installation of batteries lead to "helicopter profits" to the owners and/or traders of electricity and if so, to take relevant measures not to allow such because of the transfer of cheap (even 0 and under price) electricity during peak hours;
- Introduce measures (awareness-raising financial instruments, administrative steps) to change consumers' behaviour to use more power during the "duck curve". Put more effort (stimulus, financial instruments, etc.) to introduce "smart grids" or other smart devices for on-line management of home/public sector/industrial appliances.

PROJECT PARTNERS

[Green Liberty](#) from **Latvia**

[Clean Air Action Group](#) from **Hungary**

[Economic Policy Institute](#) from **Bulgaria**

[Institute for Sustainable Development Foundation](#) from **Poland**

[The Slovenian Foundation for Sustainable Development](#) from **Slovenia**

[Focus Eco Center](#) from **Romania**

[European Environmental Bureau](#)



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