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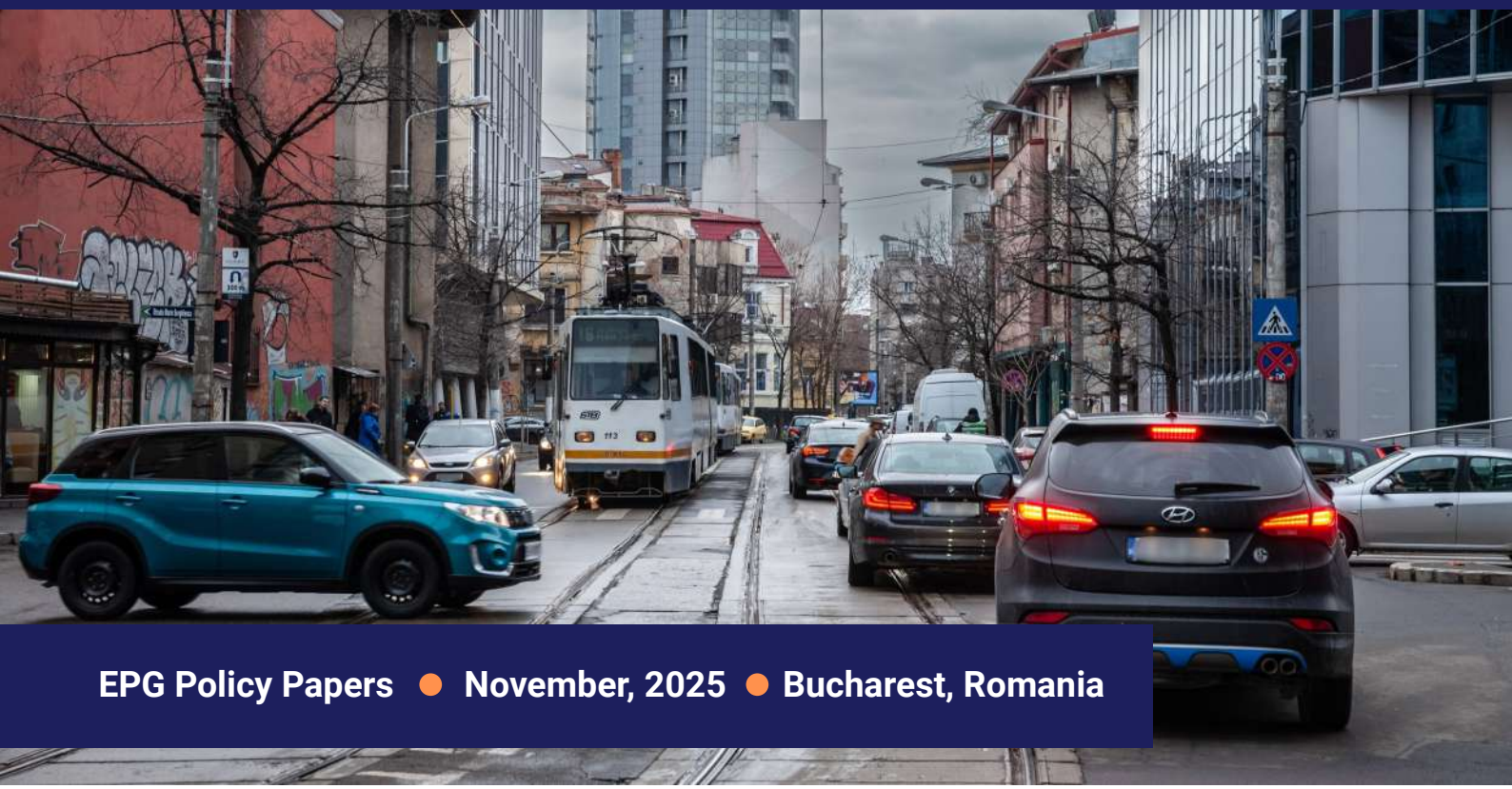

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ETS2 in Romania:

Turning Climate Policy into Economic Opportunity

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ETS2 in Romania: Turning Climate Policy into Economic Opportunity

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About EPG

EPG is an independent think-tank specialising in energy and climate policy, focusing on the decarbonisation of the Romanian and Central and Southeastern European economies. Founded in 2014, EPG operates as a research institute primarily financed through competitive research grants. Its research aims to promote a constructive, evidence-based dialogue on decarbonisation and economic transformation among decision-makers and the public, both regionally and globally.

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Key findings

The Emission Trading System for buildings and road transport (ETS2) scheduled to start in 2027 will have a direct impact on consumers, especially those vulnerable, but can also bring important benefits. **The ETS architecture** has had wider implications **in driving economic transformation, harnessing innovation, increasing energy security, improving public health**, as well **making clean investments accessible for citizens**. The ETS2 is an opportunity for Romania to drive down emissions in two sectors where progress has been otherwise slow and generate additional revenues that can be invested in decarbonisation measures tailored to the vulnerable.

In Romania, **the impact of the ETS2 in the buildings sector** in the period of 2027-2030 has been estimated to amount to **between RON 49 and RON 76 a month** for a household with a medium gas consumption of 100 cubic meters. **In the transport sector,** the estimated impact will **vary between RON 0.74 and RON 1.16 per litre for diesel, RON 0.63 and RON 0.98 for gasoline, and RON 0.43 and RON 0.67 for LPG**. Importantly, though, given the recent proposals by the European Commission to strengthen existing price control mechanisms, the **lower bound of the impact estimation range is more likely**, but more modelling work is needed to better gauge this. EU Environmental ministers have also recently agreed to modify the directive to push back the envisioned start date of the ETS2 to 2028.

To cushion the impact of the ETS2, **the Social Climate Fund was established**, while revenues from the auctioning of allowances can be utilised to aid citizens and companies in the transition to lower emissions alternatives. Besides these financial tools, the directive also has several price dampening mechanisms in place that can control the market price of allowances. **Romania will benefit from almost EUR 6 billion from the Social Climate Fund by 2032 to which another approximately EUR 9 billion can be added from the ETS2 by 2030**. These funds can be used to anticipate the regressive effects and foster social acceptance of the ETS2. Investment in social leasing schemes for EVs and heat pumps, renovations and direct income support are just a few ideas that can have a major impact in supporting consumers that are burdened by the ETS2. **The total number of beneficiaries can vary between 1.6 and 2.9 million people.** Revenues can also be used to partly shoulder the fiscal burden of local development investments and to create demand for domestically manufactured goods.

Recently, though, through Government Decision no. 907 from 23 October 2025 Romania has transposed the revised ETS directive **with a delayed start for 2031**, which **poses risks and implies heavy financial losses**. Besides potentially losing allocated funding from the SCF and additional revenues from the ETS2, infringement procedures may also lead to financial penalties. Romanian authorities should view the ETS2 as an opportunity beyond decarbonisation and reap all the benefits of this policy by implementing the following recommendations:

- Maintain the existing climate policy architecture and objectives, transforming them into an enabler of energy security, economic resilience, European strategic autonomy, and enhanced competitiveness.

- Foster social acceptance and inform the population on the potential impact of the ETS2, its benefits and how the revenues are going to be redistributed.
- Diversify the AFM programmes and increase their accessibility; create separate programmes and social leasing schemes targeted to the vulnerable to further support them after the financing from the SCF will end.
- Design programmes that can boost local manufacturing of EVs, building construction materials and heat pumps.
- Assess what types of local development investments can be supported through ETS2 revenues, as a mean to bring fiscal relief, while maintaining the pace of necessary investments.
- Frontload investments, both from the SCF and making plans for the upcoming EIB facility.
- Assess the need to introduce ETS2-based support schemes to reduce exposure for the economic sectors disproportionately impacted by the policy, such as the road transport companies and some industrial manufacturers.

Mesaje cheie

Sistemul de comercializare a certificatelor de emisii de gaze cu efect de seră pentru clădiri și transportul rutier (ETS2), care urmează să fie lansat oficial în 2027, va avea un impact direct asupra consumatorilor, în special asupra celor vulnerabili, dar poate aduce și beneficii importante. **Arhitectura ETS** a avut deja efecte ample în **stimularea transformării economice, valorificarea inovării, creșterea securității energetice, îmbunătățirea sănătății publice**, precum și în **facilitarea accesului populației la investiții în tehnologii curate**. ETS2 reprezintă o oportunitate pentru România de a reduce emisiile în două sectoare în care progresul a fost pînă acum lent și de a genera venituri suplimentare care pot fi investite în măsuri de decarbonizare adaptate persoanelor vulnerabile.

În România, **impactul ETS2 în sectorul clădirilor** în perioada 2027-2030 a fost estimat la o **sumă cuprinsă între 49 RON și 76 RON pe lună** pentru o gospodărie cu un consum mediu de gaz de 100 de metri cubi. **În sectorul transporturilor**, impactul estimat **va varia între 0,74 RON și 1,16 RON pe litru pentru motorină**, **0,63 RON și 0,98 RON pe litru pentru benzină și 0,43 RON și 0,67 RON pe litru pentru GPL**. Este important de menționat că, având în vedere propunerile recente ale Comisiei Europene de consolidare a mecanismelor existente de control al prețurilor, **este mai probabilă limita inferioară a intervalului estimat al impactului**, dar sunt necesare mai multe modele pentru a evalua mai bine acest aspect. Recent, miniștrii de mediu ai statelor membre UE au decis amânarea perioadei de implementare a ETS2 până în 2028.

Pentru a atenua impactul ETS2, **a fost înființat Fondul Social pentru Climă**, iar veniturile realizate din comercializare certificatelor pot fi utilizate pentru a ajuta cetățenii și companiile în tranziția către alternative cu emisii scăzute. Pe lângă aceste instrumente financiare, directiva conține mai multe mecanisme de control a prețurilor certificatelor de emisii. **România va beneficia de aproape 6 miliarde EUR din Fondul Social pentru Climă până în 2032, la care se pot adăuga aproximativ 9 miliarde EUR din ETS2 până în 2030**. Aceste fonduri pot fi utilizate pentru a anticipa efectele regresive și pentru a favoriza acceptarea socială a ETS2. Printre măsurile care pot avea un impact major în sprijinirea consumatorilor afectați se numără investițiile în scheme de leasing social pentru vehicule electrice și pompe de căldură, renovări și sprijin financiar direct. **Numărul total de beneficiari ar putea varia între 1,6 și 2,9 milioane de persoane.** Veniturile pot fi utilizate și pentru a susține parțial povara fiscală a investițiilor în dezvoltarea locală și pentru a crea cerere pentru producția industrială domestică.

Recent, prin Hotărârea de Guvern nr. 907 din 23 octombrie 2025, România a transpus directiva ETS revizuită cu **o intrare în vigoare amânată pentru 2031** ceea ce **prezintă riscuri și implică pierderi financiare importante.** Pe lângă posibila pierdere a fondurilor alocate din FSC și a veniturilor suplimentare din comercializare certificatelor în următorii ani, o procedură de infringement poate duce la sancțiuni financiare. Autoritățile publice ar trebui să privească ETS2 ca pe o oportunitate cu beneficii importante pe lângă simpla reducere a emisiilor prin punerea în aplicare a următoarelor recomandări:

- Menținerea arhitecturii existente a politicilor climatice și a obiectivelor de tranziție, transformându-le într-un instrument strategic pentru securitatea energetică, reziliența economică, autonomia strategică a UE și creșterea competitivității.
- Informarea cetățenilor cu privire la impactul estimat al ETS2, beneficiile sale și modulului în care vor fi redistribuite veniturile.
- Diversificarea programelor AFM și creșterea accesibilității acestora; crearea de programe separate și scheme de leasing social destinate persoanelor vulnerabile, pentru a le susține inclusiv după încheierea finanțării Fondului Social pentru Climă.
- Elaborarea de programe care pot stimula producția locală de vehicule electrice, materiale de construcții și pompe de căldură.
- Evaluarea tipurilor de investiții pentru dezvoltare locală pot fi sprijinite din veniturile ETS2, ca mijloc de reducere a presiunii asupra deficitului pentru continuarea ritmului investițiilor.
- Planificarea unei scheme de frontloading, care permite anticiparea investițiilor atât din Fondul Social pentru Climă, cât și prin viitorul mecanism instituit prin Banca Europeană de Investiții.
- Analizarea introducerii unor scheme de sprijin pentru a reduce expunerea sectoarelor economice afectate în mod disproporționat, cum ar fi companiile de transport rutier și unii producători industriali.

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Introduction

The expansion of the EU Emissions Trading System (ETS) through a dedicated system for the buildings and road transport sectors (ETS2)[1] is one of the most impactful and contentious decisions in EU climate policy in recent years. These sectors are major sources of emissions: buildings account for approximately 36% of the EU's energy-related GHG emissions, while road transport contributes around 20%, with emissions rising in Romania over the past three decades.[2]

The ETS2 is designed to complement existing regulatory instruments, most notably the Effort Sharing Regulation, which has so far been the main policy setting emissions targets on the transport and building sectors, among others. Under the ETS2, fossil fuel suppliers will be required to purchase emissions allowances, with the overall supply of allowances diminishing progressively over time. This mechanism is intended to introduce a carbon price signal to households and businesses, encouraging a shift towards lower-emission alternatives for heating and transportation.

To address the potential burden on lower-income households, the EU has created a EUR 65 billion Social Climate Fund. The fund would primarily support investments aimed at reducing greenhouse gas emissions from heating systems and road transport, and, to a limited extent, provide direct income support. The ETS2 is expected to have a considerable impact on the short term on vulnerable households, exacerbating fuel poverty, if not addressed in a timely manner. Similarly, certain companies, especially transport service providers and small industrial producers are expected to be impacted, prompting the need for protective measures.

Even though it is a policy of considerable impact on the citizens, no large-scale public information campaigns have yet been organised in Romania. Studies on the domestic impact are also scarce, with only two[3] having discussed the Romanian context so far. The timing is also tight, as the ETS2 is scheduled to be fully operational from 2027. However, during the Environment Council of 4th November, Member States agreed to a postponement of one year, with the new starting date in 2028.[4] The extra time could give governments more room for preparing the implementation and ensuring a smooth start, but may increase costs in the long run.

Romania has transposed the revised directive with a delayed start of the ETS2 in 2031, as per the Government Decision no. 907 from 23 October 2025.[5] This entails serious consequences, such as the potential loss of financial allocations under the Social Climate Fund and foregone

[1] Besides the buildings and road transport sectors, the ETS2 also applies to small industries not covered by the existing ETS.
[2] EPG, 2022, The impact of the proposed EU ETS 2 and the Social Climate Fund on emissions and welfare. Evidence from the literature and a new simulation model.
[3] See Eden et.al, 2025, Putting the ETS2 and Social Climate Fund to work and EPG, 2024, The Social Climate Plan in Romania: bridging climate, energy and social policy
[4] EU, 2025, Environment Council Press Conference
[5] Romanian Government, 2025, HOTĂRÂRE nr. 907 din 23 octombrie 2025

ETS2 revenues, delaying crucial investments targeted to the vulnerable households, as well as likely leading to an infringement procedure. As the Just Transition Fund will end in 2027 with no foreseen continuity in the new Multiannual Financial Framework, the Social Climate Fund (SCF) stands as the only available financial instrument to deliver a just transition. At a time of high fiscal deficit, losing an important source of funding and revenue would be a missed opportunity, especially for the transition to cleaner and future-proof heating and transport, but also for stimulating domestic production of low-carbon technologies. The SCF and ETS2 revenues are also one of the only sizeable opportunities to ensure that lower income socio-economic groups can feel the benefits of the transition through improved living conditions and modern, clean and efficient transportation.

The Draghi report[6] highlighted the opportunities that decarbonisation can bring to Europe to gain competitive edge over global actors like the US and China. In response, the Commission issued the Clean Industrial Deal,[7] meant to better align the climate agenda with competitiveness goals to enhance European resilience.

In the context of Russia's war in Ukraine and EU–US differences, reducing reliance on imported fossil fuels is essential for energy security and strategic autonomy. Prices for fossil fuels will remain volatile and dependent on geopolitical shifts, vulnerable to supply chain disruptions.[8] The transition to cleaner energy source would in turn reduce Europe's reliance on imported fossil fuels, one of the main European vulnerabilities, and would strengthen critical energy infrastructure by enabling more flexibility.[9]

Apart from enabling a resilient response to geopolitical shocks, decarbonisation can also be a driver for more affordable energy. At the moment, the EU bears one of the highest costs of energy among the industrialised economies, mainly because of the dependency on fossil fuels imports.[10] Reducing the cost of energy is key to secure competitiveness of the European industry and make sure that the citizens benefit from the transition to a clean economy.

Therefore, instruments like ETS2 are important for ensuring long-term economic resilience and security. Electrification and energy efficiency are the EU's safest bet for greater energy security, more stable and affordable energy supplies, reduced dependence on external fossil fuel imports, and lower exposure to energy price volatility. The predictability of a properly implemented carbon price can contribute to electrification, energy efficiency, fuel switch, and even the EU's emerging industrial policy if revenues are spent smartly.

This paper explains what the ETS2 is, estimates its potential impact on households and highlights the long-term benefits for the economy, while also cushioning the citizens regressivity.

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[6] Draghi M., 2024, The future of European competitiveness, a competitiveness strategy for Europe
[7] EC, 2025, The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation.
[8] Ecologic Institute, 2023, Designing the EU 2040 climate target. Political context, level of ambition, implications for Member States and sectors
[9] IRENA, 2024, Renewable Power Generation Costs in 2023
[10] Bruegel, 2024, Decarbonising for competitiveness: four ways to reduce European energy prices.

The policy architecture of ETS2 and the expected price evolution of allowances

The EU ETS has been a key driver of the modernisation of Romania's energy sector

The EU Emission Trading System (ETS) is the main policy instrument of the EU's climate architecture.[11] The ETS is a cap-and-trade system which sets a limit on the total amount of emissions (the cap) and issues tradable allowances not exceeding the level of the cap.[12] The price for the allowances is determined by supply and demand, with the cap influencing the scarcity of allowances. Market actors covered in the ETS can also trade allowances between themselves. In time, the cap is gradually reduced to meet the EU's emission reduction goals and carbon budget.

Carbon pricing incentivises low-carbon investments, making clean alternatives more competitive, harnessing market forces to drive down emissions.[13] The ETS has proven to be an efficient, market-based and technology-neutral instrument to reduce emissions from the covered energy and industry sectors, which have decreased by 40-45% compared to 2005 levels.[14] The co-benefits of an efficient carbon pricing mechanism go beyond emission reductions and translate into enhanced energy security, better air quality and public health, incentives for clean tech innovation and green jobs creation.

The revenues raised by selling allowances can be channelled to finance strategic investments by Member States, and part of them have been used to fund the Modernisation Fund and the Innovation Fund. Indeed, ETS revenues have been the most important financial enabler of the modernisation and revitalisation of Romania's energy sector. Between 2013 and 2022, Romania raised over EUR 4.11 billion from allowance auctions, allocating about 35% to energy and climate actions.[15] In 2023 alone, it spent EUR 476 million on such measures. [16] Moreover, Romania spent about EUR 10 billion from the Modernisation Fund[17] to invest in the decarbonisation of Complexul Energetic Oltenia, development of PV parks, grid upgrades, renewable energy expansion, energy efficiency in transport, electricity storage, and high-efficiency cogeneration for district heating.

The programmes implemented by the Environmental Fund Agency (AFM) are also funded by ETS revenues and have proven increasingly popular in Romania. Casa Verde, for example, aids households and public institutions to install rooftop PVs. In 2024, the aid per beneficiary has been increased from around EUR 4,000 to EUR 5,300- 5,900, covering in part also storage

[11] EC, 2025, EU Emissions Trading System.
[12] ICAP, 2021, Emissions Trading in Practice: A Handbook on Design and Implementation
[13] Ibid.
[14] EPICO KlimaInnovation and Frontier Economics, 2025, Strengthening the EU ETS2 through revenue frontloading.
[15] EC, 2023, Climate Action Progress Report Country profile Romania.
[16] European Environment Agency, 2024, Use of auctioning revenues generated under the EU Emissions Trading System
[17] Ministry of Energy, 2025, Informatii Fondul pentru modernizare

systems. The total budget for the scheme in 2024 was approximately EUR 400 million. Over 128,000 beneficiaries have installed PV panels between 2019-2023, as well as 697 religious establishments.[18] Other AFM programmes, such as "Rabla Plus"[19], which helps transport users switch to more efficient and non-polluting vehicles, granted vouchers amounting to EUR 107 million in 2024.[20]

AFM programmes funded through ETS revenues relating to buildings and transport

1. **Casa Verde:** Supports households, institutions, and NGOs in installing rooftop PVs to become prosumers.
2. **Rabla / Rabla Plus:** Provides vouchers for new electric, hybrid, or efficient vehicles in exchange for scrapping old ones; includes a tractor replacement scheme for farmers.
3. **Sobe:** Replaces inefficient wood stoves with cleaner, more efficient heating systems.
4. **Energy Efficiency in Public Buildings:** Reduces emissions and energy use while promoting renewables in public facilities.
5. **Bike Lanes:** Expands cycling infrastructure.
6. **EV Charging Stations:** Develops normal-power recharging infrastructure for electric vehicles.

The new ETS2 and its mixed political reception

As of 2023, the EU has adopted a separate system, the ETS2, that covers the emissions from the buildings, road transport and small industry (not covered in the ETS1).[21] According to the revised EU ETS Directive, the ETS2 is expected to start being fully operational in 2027. A postponement to 2028 can be triggered only in the case of exceptionally high energy prices.[22] This clause is subject to change as during the Environment Council from 4th November, ministers have negotiated a later official start for 2028.[23]

[18] EPG, 2024, Harnessing Solar Power: A key driver for Romania's Decarbonisation Pathway.
[19] Rabla Plus is dedicated solely to the purchase of fully electric vehicles, hybrid, or fuel cell vehicles.
[20] AFM, 2024, Raport privind utilizarea Fondului pentru Mediu in anul 2024
[21] EU, 2025, ETS2: buildings, road transport and additional sectors.
[22] The revised ETS Directive stipulates two conditions that trigger this postponement. Both of them refer to increases in the gas and crude oil prices from the first half of 2026.
[23] EU, 2025, Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality

Fossil fuels suppliers[24] will have to purchase and surrender emission allowances, with the incurred costs being passed on to consumers.[25] This price signal should incentivise consumers to switch to low emissions alternatives. As a result, lower income households might suffer from the regressive effect of this policy, as they spend more of their income on heating and transport and may have less efficient dwellings and appliances.[26] To cushion and anticipate the regressivity of the ETS2, the Social Climate Fund was established at the EU level. The fund is formed by the revenues generated by auctioning ETS2 allowances, allowances from the existing ETS and the Member States are expected to contribute with 25% of their allocated fund.

Member States are expected to submit Social Climate Plans (SCPs), in which they detail measures, milestones and targets on how they will use the fund to cushion the regressive effects on vulnerable households, vulnerable transport users and microenterprises following the impact of the ETS2.[27] Romania's SCP is currently under public consultation.[28]

Despite such compensatory measures, the ETS2 has had a bumpy start in the EU, with infringement procedures being initiated for not timely transposing the directive in no less than 26 Member States.[29] As of April 2025, at least 17 of them have officially notified the Commission of their national transposition measures. In a letter to the Commission President, Cyprus and other CEE countries[30] asked for a three-year delay on the ETS2 starting date, citing social, economic and political disruptions especially in the Member States most affected by energy poverty.[31]

Czechia, Estonia, Poland, and Slovakia have adopted critical positions toward ETS2, citing socioeconomic and administrative challenges. In December 2024, Czech Prime Minister Petr Fiala called for a one-year delay in implementation until 2028, in order to protect households and small businesses.[32] Estonia took a similar stance in March 2025, seeking a repeal or postponement because of rural cost burdens, aligning with Czechia and Poland in proposing a 2028 start or exclusion of road transport.[33] Poland views ETS2 as a threat given its coal-dependent economy but supports launching the Social Climate Fund on schedule.[34] Slovakia echoes Poland's concerns, missing ETS2 transposition deadlines and urging the European Commission in 2024 to reconsider the Directive on account of social impacts.[35]

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[24] This is a notable difference from the existing ETS, where the emitting entities have to purchase and trade allowances. In the ETS2, fossil fuels suppliers have this obligation, rather than end consumers, which are the ones emitting.
[25] EPG, 2024, The Social Climate Plan in Romania: bridging climate, energy and social policy
[26] Ibid.
[27] EC, 2025, Social Climate Fund.
[28] MIPE, 2026, MIPE lansează în consultare publică Planul Național Social pentru Climă (PNSC)
[29] European Commission, 2025, Commision takes action to ensure complete and timely transposition of EU directives
[30] One important commonality across these countries is their heating and transportation are still heavily reliant on fossil fuels—particularly coal, oil, and gas. This structural dependency reinforces public apprehensions about rapid decarbonisation and informs the political caution seen at national level.
[31] Bloomberg, 2025, EU Nations to push for delay to controversial new carbon market
[32] Euractiv, 2024, Czechia wants to delay ETS 2 until at least 2028
[33] Argusmedia, 2025, Estonian climate ministry to push for EU ETS 2 repeal | Latest Market News
[34] Argusmedia, 2025, EU must be 'honest' about Green Deal: Poland
[35] Euractiv, 2024, Slovak Environment Minister rejects EU directive on household fossil fuel charges

Germany, Austria, and France broadly support the ETS2, viewing it as essential for meeting EU climate goals. Germany considers it pivotal for decarbonising buildings and transport, integrating its national carbon pricing system into the EU-wide ETS2 from 2027 to ensure a smooth transition.[36] Austria has already transposed ETS2 into national law, replacing its domestic carbon levy with the European system. France supports ETS2's objectives but remains cautious due to social sensitivity, proposing a price corridor and early interventions to prevent price volatility and protect households from fuel cost spikes.[37] Across Europe, most countries, including Spain and Italy, implement ETS2 pragmatically, focusing on social protections; while Italy initially faced resistance from the industry's side, it ultimately aligned with the system.[38]

One of the most salient political issues is the perceived lack of control over the price of allowances and the potential detrimental effect on vulnerable houses and business which may struggle to react in time, as well as the lack the means to make the necessary investments.

Already available price control mechanism will be reinforced to address political concerns

Given the impact that the policy may have on vulnerable households and businesses, several mechanisms for price control have been introduced from the start, with the EU Directive 2023/959[39] stipulating multiple mechanisms to stabilise the prices of the ETS2 allowances in case of sudden surge. Additional allowances can be released from a separate market stability reserve (MSR2)[40] as follows:

- 20 million allowances, if the price level rises above 45 EUR/tCO_2[41] for at least two consecutive months.[42]
- 50 million allowances, if for more than three consecutive months the average price of allowances in the auctions is more than twice the average price of allowances compared to the six preceding consecutive months.
- 150 million allowances, if the average price of the allowances is more than three times the average price of allowances compared to the six preceding consecutive months.

In addition to these scenarios, the ETS2 also stipulates a quantity-based adjustment of the cap: 100 million allowances can be released from the MSR2 if the total number of allowances in circulation falls below 210 million. The reverse also applies: if the total number of allowances exceeds 440 million, 100 million allowances can be incorporated in the MSR2.[43]

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[36] International Carbon Action Partnership, 2025, Germany adopts law to transition from national ETS to EU ETS2
[37] Ewa Krukowska, John Ainger, 2025, France Proposes EU Carbon Market Changes to Boost Stability
[38] Euractiv, 2025, Italy's largest lobby group to push for EU policy U-turn on CO_2 emission trading system - Euractiv
[39] EU, 2023, Directive (EU) 2023/959.
[40] The MSR is a surplus of allowances that had built up and can be released to rebalance supply and demand and reduce price volatility.
[41] Referred to 2020 prices.
[42] The first distribution is automatic, while the second one comes as a proposal from the EU Commission with the consent of MS.
[43] EU, 2023, Directive (EU) 2023/959.

In their current form, the price stability mechanisms have limitations. They can be activated only once every 12 months, cannot be triggered simultaneously and if they happen at the same time, only the last two will apply. [44] Price projections based on these rules have varied significantly. The first transactions for the ETS2 futures contracts took place on the European Energy Exchange in May 2025 at a starting price of 77.26 EUR/tCO_2, higher than the Commission's soft cap.[45] [46]

New price estimations will need to be made based on recent political developments. With looming pressure on implementation, at the request of multiple Member States, the Commission has proposed at the ENVI Council from 21 October 2025 several measures meant to ensure a smooth start of the ETS2.[47] The measures are meant to enhance predictability and affordability for the citizens and increase the political acceptance of the ETS:

- 40 million allowances can be released if the price level rises above 45 EUR/tCO_2[48] for at least two consecutive months; the time constraint will be lifted and this mechanism can be triggered twice a year, leading to a potential release from the MSR of 80 million allowances.
- Expand liquidity and long-term predictability by keeping in the reserve all the allowances not release before 2030; allow for a gradual injection of allowances to the market by adding a buffer to the lower threshold.
- Start auctioning allowances as early as 2026 to make carbon revenues timelier available.
- Allow for Member States to access frontloading schemes from the European Investment Bank to start investing in decarbonisation measures earlier.

If adopted, these additional measures are expected to quell prices to more politically manageable levels. Futures prices for allowances have already decreased following the political signalling, reaching 62.59 EUR/tCO_2 for 2027.[49] Prices are expected to further drop following a formal proposal by the European Commission.

That notwithstanding, in the long run, the most effective way to lower prices and cushion the impact on households is to roll out investments to reduce emissions as fast as possible to dampen demand for allowances. To start rolling out decarbonisation measures earlier, a frontloading scheme from the ETS2 revenues and SCPs could kick-off as early as 2026. Revenue frontloading refers to accessing future revenues at an earlier stage (borrowing from the future) in order to start investing in low-carbon solutions without generating a national

[44] Ibid.
[45] ICE, 2025, EUA 2 Futures
[46] Some models even estimated that the allowances price could increase up to, or well above 200 EUR/tCO_2 by 2030. Others predicted that the price can vary between 71 EUR/tCO_2 and 261 EUR/tCO_2 by 2030. These reflect a failure to tackle demand elasticity and dynamic adjustments based on allowance price evolutions. For more details see Gunther et. al, 2024, Carbon prices on the rise? Shedding light on the emerging second EU Emissions Trading System (EU ETS 2)
[47] EC, 2025, Remarks by Commissioner Hoekstra at the ENVI Council
[48] Referred to 2020 prices.
[49] ICE Endex, 2025, EUA2 Futures

debt.[50] When designing a frontloading scheme, Member States should be cautious of the uncertainty around the evolution of the ETS2 allowances prices since models cannot accurately predict any major spikes.

Based on the best available information (which does not include modelling reruns based on the new Commission proposal), two price scenarios are considered for the estimations made in this paper. One is based on **the Commission's soft cap**[51] and the other on **ETS2 futures prices and price development trends from available modelling results**. If the most recent Commission proposals are implemented, the lower price scenario becomes more realistic, especially in the short and medium term.

Table 1. Price projections for ETS2 allowances

Selected price ranges for ETS2 allowances (EUR/tCO_2)				
	2027	2028	2029	2030
ETS2 futures (July 2025)	55*	79	82	86
ETS2 futures (October 2025)	62	65	68	71
Commission soft cap	55	55	55	55

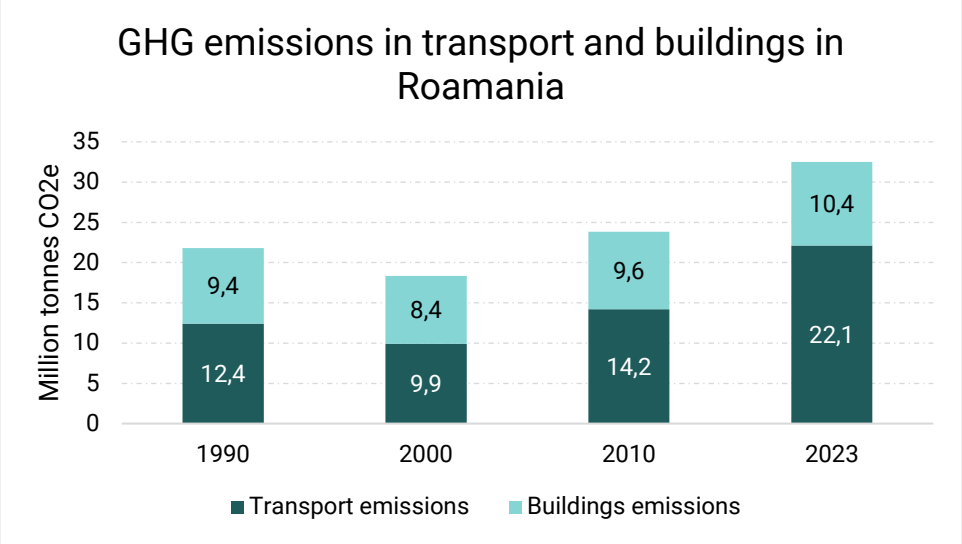
Source: ICE Endex EUA2 Futures accessed July 2025; *value from Commission soft cap.

[50] EPICO KlimaInnovation and Frontier Economics, 2025, Strengthening the EU ETS2 through revenue frontloading
[51] The value in the official documents is 45 EUR/tCO_2, but it is subject to adjustment with inflation between 2020 and 2027.

Estimated impact of the ETS2 in Romania

The introduction of ETS2 comes against **the trend of rising emissions in the buildings and road transport sectors in Romania (Figure 1**). This is mainly due to recent economic development in the country and the rise in living standards which has enabled higher energy consumption in these sectors. As part of the revised Effort Sharing Regulation targets in the buildings and road transport sectors, the assigned target for Romania is -12.7% emission cuts by 2030, compared to the previous -2% objective, one of the lowest across the EU.[52]

Figure 1. The evolution of GHG emissions in transport and buildings in Romania between 1990 and 2023



Source: Eurostat

The current analysis of **the estimated impact of the ETS2 focuses on households**. Nevertheless, the private sector will also be impacted by the ETS2, such as the small industry, small and medium enterprises, as well as public buildings. This impact is not negligible, and some revenue redistribution measures will be needed to weather the effects. As these sectors are not eligible to financing from the SCF, the ETS2 revenues will play a key role in ensuring that the private sector receives the necessary support in aligning with the peace of the transition.

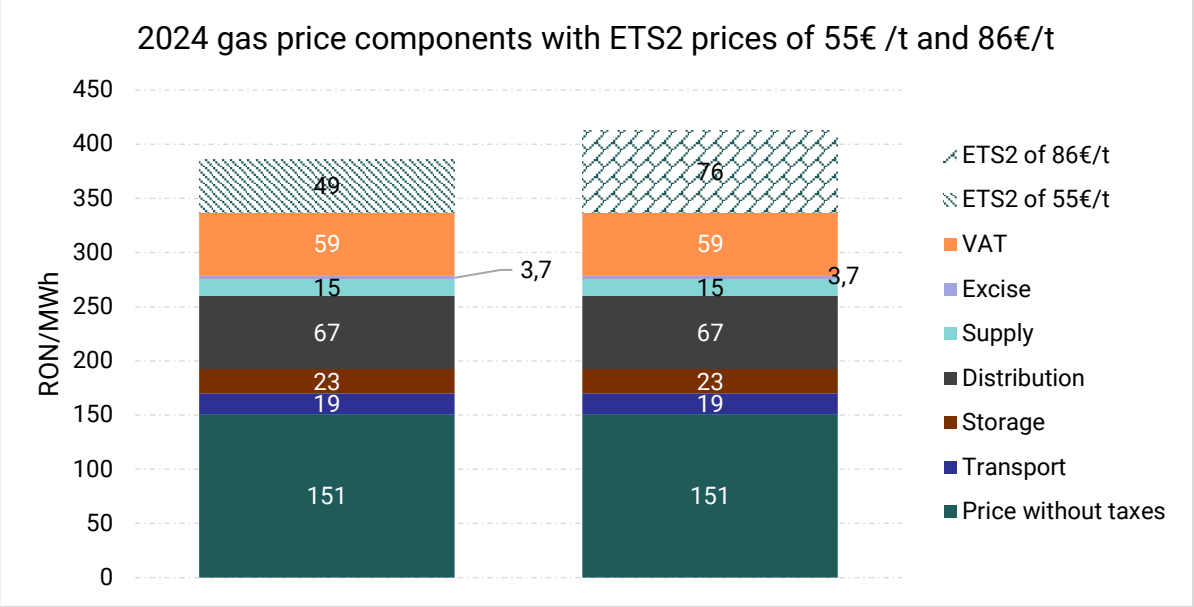
Impact in the buildings sector

Figure 2 illustrates the structure of the gas bill components in 2024[53] with the added ETS2 cost. For a household with an average monthly gas consumption of 1 MWh (approximately 100 cubic meters of natural gas)[54], the **additional cost incurred by the consumers** due to the

[52] EC, 2025, Effort sharing 2021-2030: targets and flexibilities
[53] EPG, 2025, Preturile energiei post-plafonare: impact asuprqa pietei si consumatorilor
[54] According to the Household Budget Survey 2019 an average household uses 98 cubic meters of gas.

ETS2 is estimated to **approximately RON 49** and **can go up to RON 76** in a high allowance cost scenario.[55]

Figure 2. Gas price components with ETS2 prices of 55 EUR/t and 86€/t



Source: EPG

Between 2027 and 2030, **bills for the average consumption of natural gas may reach RON 386-413 per month**. Given that the lowest income deciles are mainly heated by biomass, whose cost may be only indirectly impacted by ETS2,[56] **these price increases are expected to impact especially the lower middle-income groups** that use gas for heating and for whom energy bills still represent a significant part of their monthly expenditures.[57] Meanwhile, the highest absolute price increases are expected among medium-high income deciles.

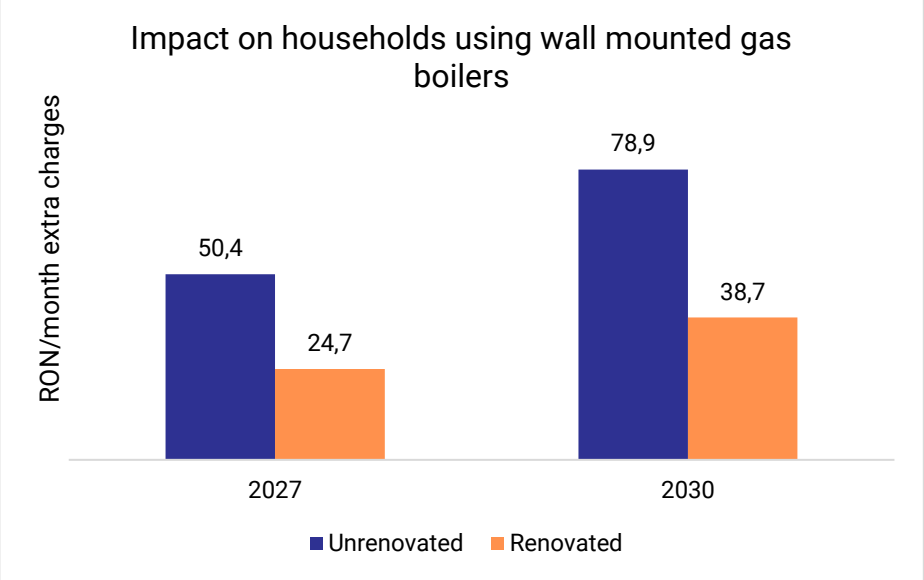
Despite the limited impact on biomass-heated households, there is still an overlap between the strongest relative impact of ETS2 and the current patterns of socio-economic vulnerability. In 2024, 88,500 out of the 4.53 million domestic consumers of natural gas were classified as vulnerable consumers.[58] Most of them are households in the small urban areas, where the district heating system was decommissioned and the only heating option was individual natural gas boilers.[59]

The impact will also vary based on the energy performance of the building, **affecting twice as much the unrenovated buildings, as shown in Figure 3**. Building renovations could therefore halve the impact incurred in the energy bill, **from RON 50.4 down to RON 24.7 in 2027** (for an

[55] The price components use the new VAT rate of 21%.
[56] The analysis does not cover heating of public buildings or buildings used for commercial or industrial purposes.
[57] EPG, 2024, The Social Climate Plan in Romania: bridging climate, energy and social policy
[58] EPG, 2025, Preturile la energie post-plafonare: impact asupra pietei si consumatorilor
[59] Trinomics, 2025, Support to the Preparation of Social Climate Plans

ETS2 allowance price of 55 EUR/tCO_2) and **from RON 78.9 down to RON 38.7 in 2030** (for an ETS2 allowance price of 86 EUR/tCO_2).

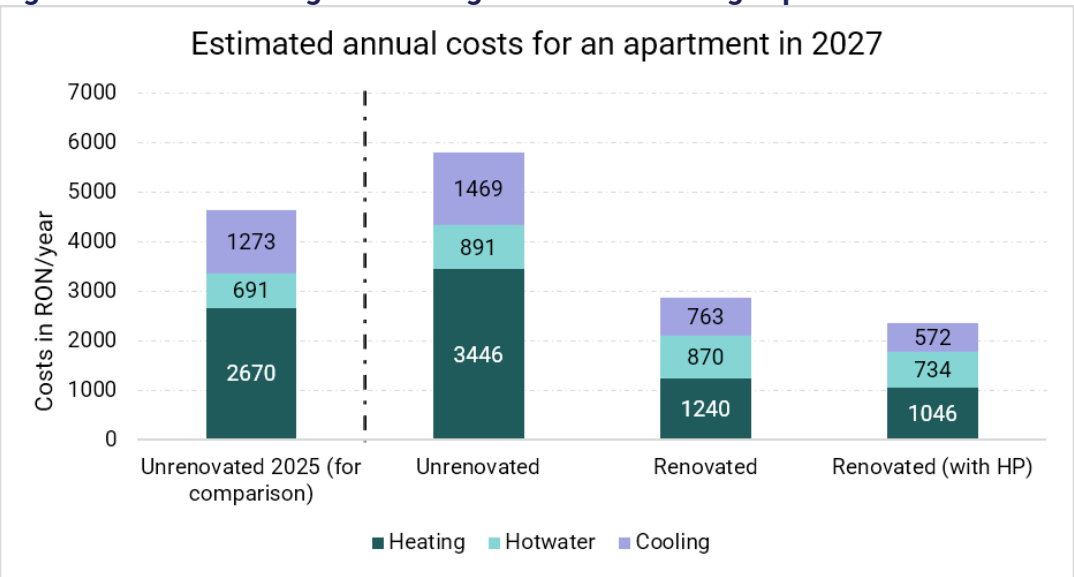
Figure 3. Impact on households using wall-mounted gas boilers



Source: EPG

Following the carbon price signal introduced by ETS2, the energy bill savings in renovated households with heat pumps will become increasingly visible. Thus, it is estimated that the annual costs for heating and cooling of an average dwelling can be almost three times higher in an unrenovated gas-heated building compared to those that are retrofitted and heated electrically (Figure 4).

Figure 4. Annual heating and cooling costs for an average apartment in 2027



Source: EPG[60]

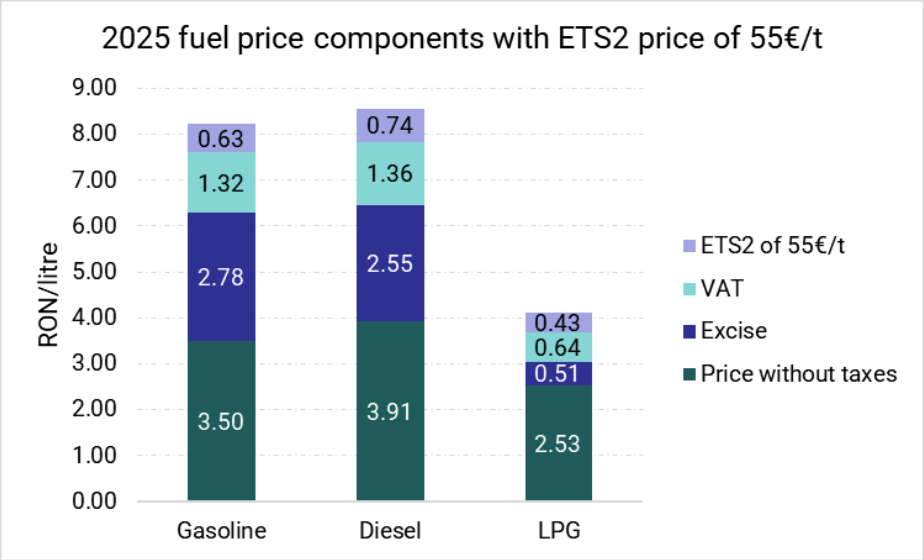
[60] Based on MDLPA 2024, Ghid de buna practica pentru atingerea nivelurilor optime, din punct de vedere al costurilor, ale cerintelor minime de performanta energetica a diverselor categorii de cladiri

Impact in the transport sector

In Romania, transport users heavily rely on fossil fuels as many households use old, inexpensive second-hand vehicles imported from Western Europe.[61] The EVs represent a small share of new cars sales and still remain inaccessible for a large majority of the population.[62] Even though Romania has the lowest number of cars per capita in the EU, the ETS2 will still have a considerable impact.

Starting from 2027, at a ETS2 price of 55 EUR/tCO_2, it is estimated that consumers will be **impacted with RON 0.63 for gasoline, RON 0.74 for diesel, and RON 0.43 for LPG per litre**.

Figure 5. Fuel price impacts for an ETS2 price of 55 EUR/t

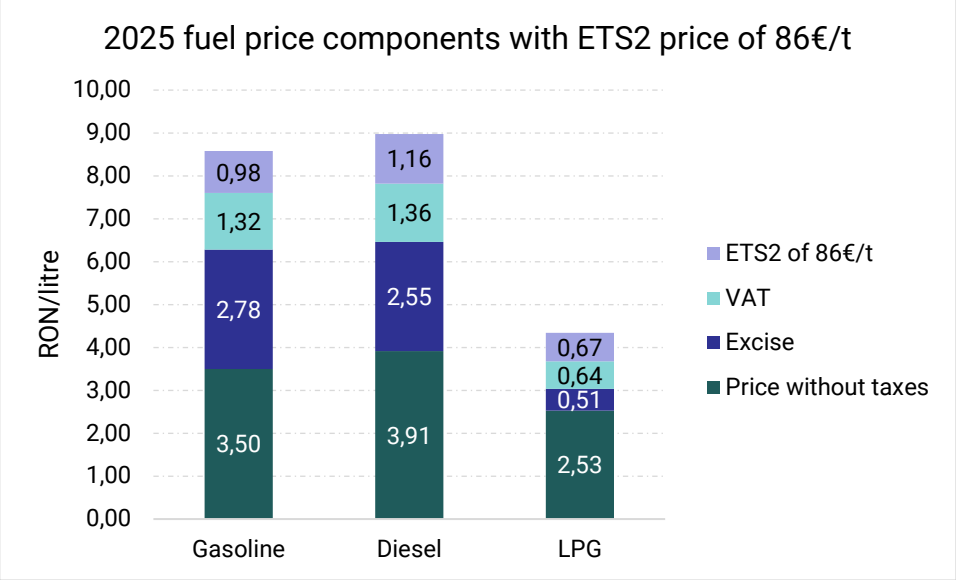


Source: EPG

[61] EPG, 2024, The Social Climate Plan in Romania: bridging climate, energy and social policy
[62] Ibid.

In a higher ETS2 price scenario, **fuel prices will increase by RON 0.98 for gasoline, RON 1.16 for diesel and RON 0.67 for LPG per litre.**

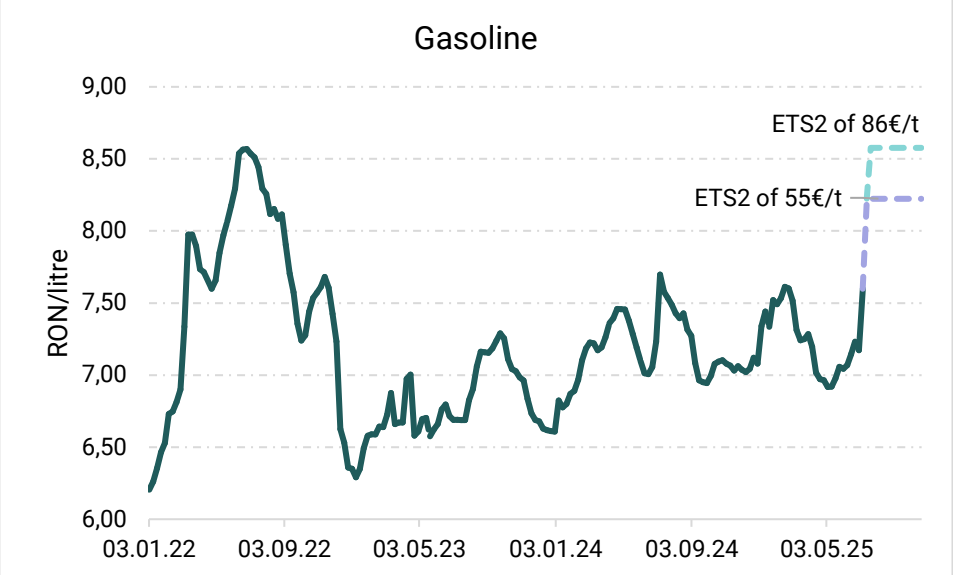
Figure 6. Fuel price components with ETS2 price of 86 EUR/t



Source: EPG

Comparing the price for gasoline, diesel and LPG from the 2022 energy crisis with the ETS2 impact, shows that the additional cost will almost reach the 2022 levels in a high carbon price scenario. Therefore, **prices will likely remain within the historical variation levels.**

Figure 7. Average gasoline price and ETS2 price scenarios

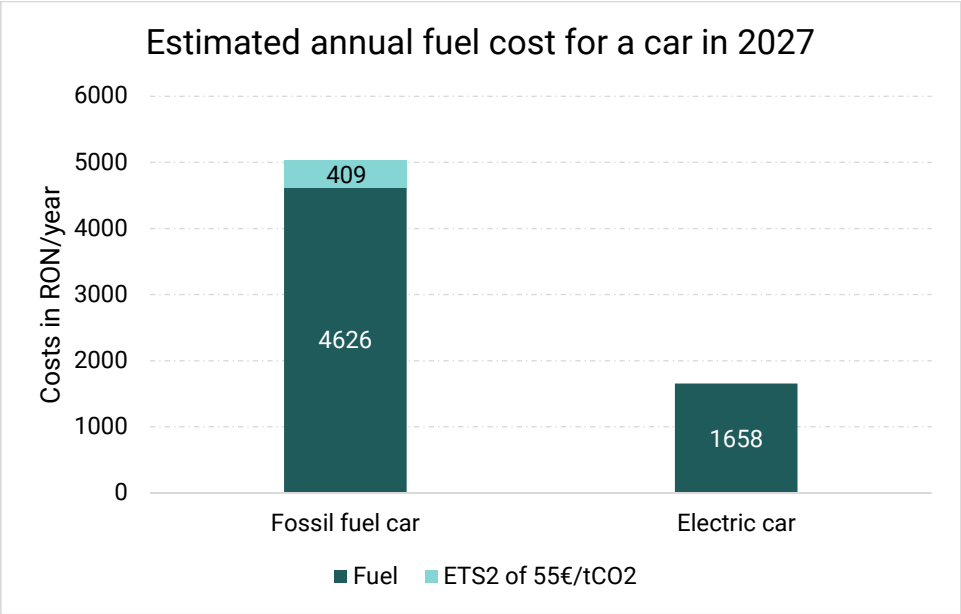


Source: EPG[63]

[63] This graph was inspired by T&E, 2025, EU's new carbon tax (ETS2) a €300bn opportunity to help transition European citizens away from fossil fuels

Similarly to buildings, the carbon price signal will make electrical alternatives increasingly competitive, with an even starker difference compared to fossil alternatives. Annual fuel costs for **electric vehicles would amount to RON 1,658[64] compared to RON 5,035 for a fossil fuel car[65] (Figure 8).**

Figure 8. Estimated annual fuel cost for a car in 2027 - electric v. fossil fuel



Source: EPG

[64] The electricity price is assumed to be RON 1.5/kWh.
[65] For this graph an aggregated medium price between gasoline and diesel was employed.

Revenue spending scenarios

Collected revenues would be significant and can finance multiple types of investments

Based on data from Eurostat and the EU ETS database, the level of ETS2 emissions in 2024 is estimated at 39.8 $MtCO_2$. If a linear reduction factor is applied in two stages - 5.1% for 2025-2027 and 5.38% for 2028-2030 -- ETS2 emissions would be expected to reach 28.8 $MtCO_2$ by the end of the decade. The generated revenues, other than SCF, would therefore amount to **around EUR 9.39 billion for the 2027-2030 period.**

Table 2. ETS2 revenues 2027-2030

	2024	2025	2026	2027	2028	2029	2030
Linear reduction factor	0%	5.10%	5.10%	5.10%	5.38%	5.38%	5.38%
ETS2 emissions	39.8	37.8	35.9	34.0	32.2	30.5	28.8
ETS2 price				55.0	79.0	82.0	86.0
Revenues per year (EUR mil.)				1,872	2,545	2,499	2,480
Total revenues 2027-2030 (EUR mil.)							9,396

Source: EPG

These revenues can have multiple uses, from co-financing the SCP to investing in low-carbon alternatives and boosting current funding programmes. As the SCF is limited in scope and does not depend on the price of the allowances, the additional revenues from the ETS2 are essential, especially after the SCF ends in 2032. According to the revised ETS directive, ETS2 revenues can be spent for:

- Activities addressing the social aspects of introducing the buildings and road transport sectors in the ETS.
- Measures that contribute to the decarbonisation of heating and cooling for buildings, or to the reduction of energy needs in buildings, including the integration of renewable energy sources and financial support for low-income households in worst-performing buildings.
- Measures to accelerate the uptake of zero-emission vehicles or support the deployment of refuelling and recharging infrastructure for such vehicles, encourage

the shift to public transport, multimodality, or provide financial support to address the social impact on low- and middle-income transport users.[66]

Such spending can complement the SCP and aid vulnerable communities that do not fall under the scope of the SCF (including by retrofitting biomass-heated households). The size of the SCF is insufficient to fully address the impact of ETS2,[67] increasing the need for revenue redistribution. As only 37.2% of the SCF can be spent on direct income support, investment in addressing the structural causes of vulnerability is essential for cushioning the impact that the cost of ETS2 allowance will have on consumers. The risk of a public backlash against climate policies is high if the population is not properly informed and protected against the increasing prices. In a time where the national fiscal deficit is soaring and austerity policies are affecting the vulnerable consumers, the additional revenues raised by the ETS2 will play an important role in securing social acceptance of climate policies.

Indeed, the government's fear of popular backlash against the ETS2, most likely amplified by anti-EU disinformation, largely explains why the topic has not been timely and thoroughly communicated. Just like in other CEE countries, a key challenge to the ETS2 is the political buy-in and social acceptance, as shown by the delayed transposition timeline in Romania. Even though the SCF is financed from the ETS1 during the first year[68], postponing further the implementation of the ETS2 will also delay the contribution that the revenues have to the state budget.

A delayed timeline would also block any investments from the SCF, as stated by the European Commission.[69] Recent developments at the EU level point towards a delayed start for 2028 of the ETS2 to give more time to MS to prepare. During the Environment Council from 4th November, negotiations for the 2040 climate target have shifted the debate towards the postponement of the ETS2 by one year.[70] This postponement along with the recent proposals made by the European Commission to ensure some price relief in ETS2 are offering additional safeguards and time for MS to implement the ETS2. It is unlikely that more substantial changes will be made at EU-level, Therefore, further postponement at national level would only diminish revenues and delay the roll out of key investment programmes, while increasing compliance costs in the long run.

The ETS2 revenues can address multiple needs

At a time of high fiscal deficit, the revenues can also partly shoulder some costs related to local development investments. Synergies exist between the AFM programmes, ETS2 criteria for spending and the National Plan for Local Development (PNDL). The PNDL is a programme that aims to improve local infrastructure by investing in public services like health, education, water and sewerage, electricity, public lightning, transport/roads, sanitation, housing and

[66] EU, 2023, Directive (EU) 2023/959.
[67] EPG, 2024, The Social Climate Plan in Romania: bridging climate, energy and social policy
[68] Bruegel, 2025, Making the best of the new EU Social Climate Fund
[69] EC, 2025, Commission Notice Guidance on the Implementation of the Social Climate Fund
[70] EU, 2025, Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality

sport.[71] Prioritising and completing projects from the PNDL programme is listed as a priority of the new government.[72] The AFM programme currently funds public lightning, water sewage systems, bike lanes, energy efficiency in public buildings. These programmes align both with the PNDL scope and the criteria for ETS2 revenue use creating synergies that could boost the PNDL and create opportunities for local development while reducing energy and transport poverty in rural areas.[73]

Romania may also launch a social leasing scheme for transport,[74] similar to the French model, which can serve simultaneously as in instrument to improve accessibility for EVs to low-income households and serve as an industrial policy instrument by creating demand for locally manufactured vehicles. By offering affordable monthly lease rates, the potential beneficiaries can go beyond what is currently covered by AFM programmes, which still require high upfront costs. The French social leasing programme offers EVs for EUR 49-150 per month, supported by public subsidies. The scheme targets households in the lower half of the income distribution and has been increasingly popular since it was launched.[75] In Romania, where the automotive sector is a major economic and employment driver, such measures could promote clean mobility, support industry transition, and boost demand for EU-made electric vehicles.[76] The specific details of such a scheme could also be designed according to the specific needs of different targeted socio-economic groups. Based on the estimations made in this paper, the monthly fuel savings for a household switching from an internal combustion engine to an electric vehicle would be EUR 56. To ensure that the scheme is an immediate net benefit for vulnerable households, the monthly payments could be sized under this level. For other beneficiaries, the rate could be higher.

Similarly, as the second largest bicycle producer in the EU,[77] revenues from the ETS2 in Romania can be used to encourage micromobility through purchases of bicycles.[78] This could create a European demand for bicycles and e-bikes which could boost the bike industry in Romania, its value chain and create jobs. Moreover, investments in bike infrastructure could be also ramped up.[79]

Similar programmes can be deployed for heat pumps and building retrofitting materials, that can both finance investment at household level and stimulate local demand which, if properly designed, can create manufacturing opportunities at domestic level.

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[71] MDLPA, 2025, Programul National de Dezvoltare locala PNDL
[72] Guvernul Romaniei, 2025, ROGRAM DE GUVERNARE PSD-PNL-USR-UDMR-GRUPUL PARLAMENTAR AL MINORITĂȚILOR NAȚIONALE DIN CAMERA DEPUTAȚILOR 2025-2028
[73] The revenues criteria include measures meant to decarbonise heating and cooling of buildings, reduction of energy needs or measures to accelerate the uptake of zero-emissions buildings, including recharging infrastructure.
[74] As well as for heat pumps.
[75] Transport and Environment, 2024, Social leasing: a key measure for national Social Climate Plans
[76] ACEA, 2025, Recommendations on social leasing of Electric Vehicles
[77] EC, 2024, EU production of bicycles down to 9.7 million in 2023
[78] EU, 2023, Regulation (EU) 955/2023
[79] The current AFM programmes finance the construction of bike lanes, however, the programme did not gain traction and has a low number of submitted projects.

Spending scenarios for the ETS2 revenues

By 2030, the **total generated revenues by the ETS2** will amount to **EUR 9.39 billion**, in addition to the **EUR 6 billion from the SCF**. According to the Commission, Romania is a net-receiver of the SCF, as it receives 4.5 more than it contributes to the fund.

Figure 9 breaks down **two possible scenarios** of investing the funds to maximise the social positive impact. The possible uses include a social leasing scheme for EVs (with 0 interest over a period of 10 years), direct income support to cushion the short-term impact, renovations to lower consumption, and support for households to switch to heat-pumps and EVs, each in different amounts and with a different incidence on the vulnerable population.

The assumptions of the **renovations scenario (S1)** are the following:

- **Total income support**: amounts to EUR 1.44 billion for 1 million households, which will receive EUR 30/month for 4 years. Each month, a household can thus cover well above the cumulated impact of the ETS2 in buildings and transport (at the assumed price of 86 EUR/tCO_2).
- **Apartment renovations**: EUR 10 billion could be allocated to aid 400,000 households of a standard 50m^2 area.
- **Social leasing scheme for heat-pumps**[80]: EUR 900 million can help fund a social leasing scheme for heat-pumps with 0 interest rate over 15 years. For a monthly fee of EUR 25, 200,000 households could thus switch from gas boilers to heat pumps (assuming an average cost for a heat pump per apartment of EUR 9,000).
- **Social leasing scheme for electric vehicles**: EUR 1.04 billion upfront cost covered by the state could cover 80,000 EVs at an average flat rate of EUR 100/month[81] paid by the beneficiary for 10 years.

In S1, **the total number of households that could benefit** from the ETS2 revenues is **1.68 million** (table 3) and the emission reduction potential is up to 0.78 $MtCO_2$.

The assumptions of the second one**, maximum beneficiaries scenario (S2)** are the following:

- **Total income support**: EUR 2.8 billion for 2 million households, which will receive EUR 30/month for 4 years.
- **Apartment renovations**: EUR 4.8 billion could be allocated to 200,000 households of a standard 50m^2 area.
- **Social leasing scheme for heat-pumps**: EUR 1.8 billion to fund a social leasing scheme with 0 interest rate over 15 years. For a monthly fee of EUR 25, 400,000 households

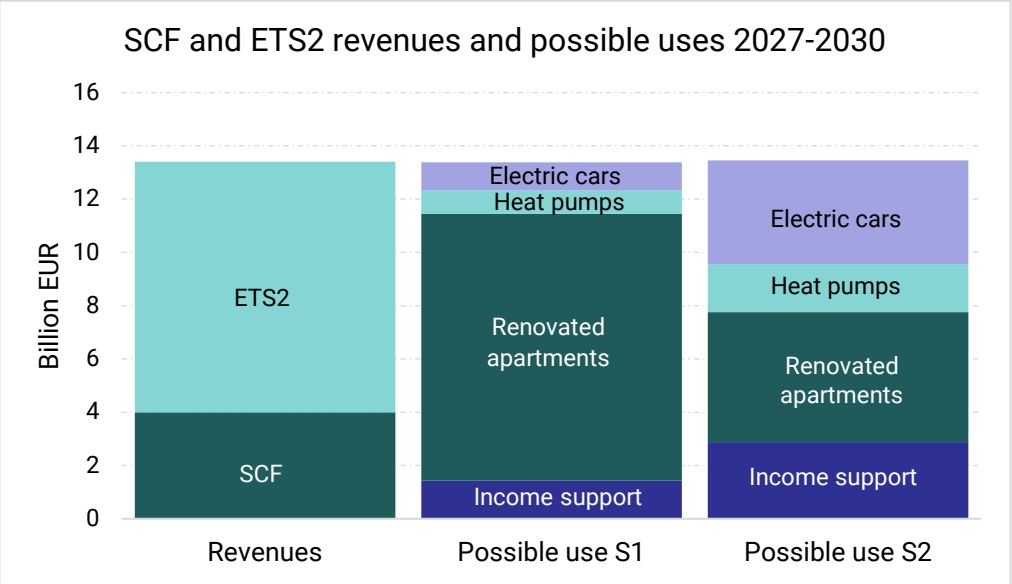
[80] For this study we considered only air-water heat pumps. A 100 kW unit serving a 20-apartment building of 50 meter square each costs about €180,000 including installation, thus around €9,000 per apartment.
[81] This rate was estimated as an average across all potential beneficiaries of such a scheme. The monthly rate can be sized differently for different socio-economic groups based on their vulnerability. As already explained in this paper, a monthly rate of under EUR 56/month would ensure an immediate net benefit for a beneficiary switching to an EV through this scheme from an internal combustion engine vehicle. A lower monthly rate would mean either higher upfront cost co-payments by the state and/or an adjustment of the lease contract period.

could switch from gas boilers to heat pumps (assuming that the average cost for a heat pump per apartment is EUR 9000).

- **Social leasing scheme for electric vehicles**: EUR 3.9 billion upfront cost covered by the state; could include 300,000 EVs at an average flat rate of EUR 100/month[82] for 10 years paid by the beneficiaries.

In S2, **the total number of households that could benefit** from the ETS2 revenues **is 2.9 million** (table 3) and the emission reduction potential is up to 1.1 $MtCO_2$.

Figure 9. Possible uses of SCF and ETS2 revenues



Source: EPG

Table 3. Number of beneficiaries of spending scenarios

No. beneficiaries ('000)	Possible use S1	Possible use S2
Income support	1,000	2,000
EVs	80	300
Renovations	400	200
Heat pumps	200	400
TOTAL	1,680	2,900

Source: EPG

[82] Ibid.

These scenarios shed some light on how the ETS2 can be leveraged to maximise the positive social impact. As a tool to complement the SCP, both scenarios exceed the number of vulnerable households as a result to the introduction of the ETS2.[83] The first one (S1), where renovations take up most of the spending is the easier to implement and places less burden on households in terms of administrative procedures, but number of renovations can take years to complete and the ETS2 timeline is tight. The second one (S2), offers a more balanced distributions of interventions and has a larger outreach. The direct income support is doubled, to offer short term relief, while the social leasing schemes for EVs and heat-pumps are extended to a larger number of the population. Even though structural barriers persist in both scenarios, in terms of infrastructure for charging stations, strain of the grid in case of rapid head-pump deployment, shortages of skilled workforce, they can be overcome by targeted investments from other funds. The Just Transition Fund, the Modernisation Fund and the Social Climate Fund can overcome some of these barriers and harness the right conditions for the ETS2 funds to be used to their full potential, while reaping the co-benefits of it.

[83] Trinomics, 2025, Support to the Preparation of Social Climate Plans

Conclusions and recommendations

The ETS2 is a contentious, yet necessary economic and climate policy which will have a considerable impact across Europe. It will shape the future of the buildings and road transport sectors and be a driver for competitiveness and innovation.

The impact of the ETS2 in Romania will not be dramatic during the first years. This is reinforced by the Commission's new proposals for a smooth start of the ETS2, which will ensure stronger mechanisms of price control even after 2030. Romania must fully access the opportunities of the SCF and reap the co-benefits of the ETS2 by reconsidering the 2031 delayed start.

The additional ETS2 revenues along with the SCF can be invested in different schemes to aid the vulnerable population lower the emissions in the buildings and road transport sectors, as well as some disproportionally affected businesses. A delayed start translates into missed opportunities for the industries in these sectors and less investments in the citizen's welfare. Tailored social leasing schemes for heat-pumps and electric vehicles, direct income support, apartment renovations are just a few measures which could help between 1.6 and 2.9 million vulnerable households in the transition and cushion the impact. For these investments, the SCF and the ETS2 revenues are crucial.

Recommendations:

- **Avoid backsliding of climate policies to enable a smooth and timely transition, safeguard European strategic autonomy and enhance competitiveness**. It is important that the ETS2 does not face undue postponement to not disrupt the pace of the transition, the inflow of funds, and the timely implementation of the decarbonisation measures. Further delays in implementation at national level will also lead to financial losses and infringement procedures.
- **Foster social acceptance and inform the citizens and businesses on the potential impact of the ETS2, its benefits and how the revenues are going to be redistributed**. Targeted and thorough communication around the impact of the ETS2 will be paramount in the next years. The population needs to be prepared to bear higher costs until switching to lower emissions alternatives, while the vulnerable need to be safeguarded from the shock of introducing the ETS2. It is crucial to design communication campaigns tailored to the audiences and clearly communicate the benefits of the ETS2.
- **Diversify the AFM programmes and increase their accessibility; create separate programmes and social leasing schemes targeted to the vulnerable to further sustain them after the financing from the SCF will end.** Keeping costs low will heavily depend on lowering emissions. Households need to be helped to reduce emissions with varied spending schemes that allow for flexibility.
- **Design programmes that can boost local manufacturing of EVs, construction materials, and heat pumps.** By stimulating demand, the ETS2 can increase the opportunities of the local economy to develop new value chains for green materials

and clean tech, especially when coupled with well-designed public procurement strategies.

- **Assess what types of local development investments can be supported through ETS2 revenues, as a mean to bring fiscal relief, while maintaining the pace of investments.** Local investments so far financed through the national budget in public lightning, more efficient water sewage systems, bike lanes, public buildings retrofitting could potentially be financed through ETS2 revenues without contributing to the fiscal deficit.
- **Frontload investments, both from the SCF and making plans for the upcoming EIB facility.** The EU Commission has announced a new EIB facility to support MS to make earlier investments by leveraging future ETS2 revenues. Targeted and prioritised support through frontloading for the segments of the population most in need before the ETS2 kickstarts will ensure a smoother and less disruptive implementation, while also reducing the price of allowances through lower demand.
- **Assess the need to introduce ETS2-based support schemes to reduce exposure for the economic sectors disproportionately impacted by the policy, such as the road transport companies and some industrial manufacturers.** As these sectors are not eligible to financing from the SCF, the ETS2 revenues may play a key role in ensuring that the private sector receives the necessary support tin aligning with the peace of the transition.

Annex

The annual costs for an apartment in 2027 (Figure 4) are estimated based on the "Good practice guide for achieving cost-effective levels of minimum energy performance requirements for various categories of buildings" published by the Ministry of Development, Public Labour and Administration in 2024.[84] The values used are the ones corresponding to the primary energy consumption in apartment buildings in climatic zone 3: 189 kWh/m^2/year for unrenovated buildings, and 68 kWh/m^2/year for renovated buildings (specific to renovation package P1). In the mentioned official source, there is no data for cooling, therefore, the values for space cooling are taken from energy performance classes[85]: 26.5 kWh/m^2 for apartments in renovated buildings (average for B class) and 51 kWh/m^2 (average for D class). The prices used are 1.3 RON/kWh for electricity in 2025, 1.5 RON/kWh for electricity in 2027, 310 RON/MWh for gas in 2025, 400 RON/MWh for gas in 2027 (value including an ETS2 price of €55/tCO_2).

The size of the apartment is 48 m^2, as per Romania's Long Term Renovation Strategy.[86]

The estimated annual costs for fossil fuel cars (Figures 6, 7, and 8) used prices of gasoline and diesel from EU Weekly Oil Bulletin[87], date 30.06.2025 (i.e. 3.91 RON/liter for diesel, 3.5 RON/liter for gasoline and 2.53 RON/liter for LPG), current excise duties which include the 10% increase in August 2025, and the VAT rate of 21%. In the same figure, the price of electricity used for charging the EV is 1.5 RON/kWh including VAT. For both vehicles, the average annual distance covered is assumed to be 6500 km, the average monthly fuel used is 50 liters fossil fuel. Specific consumption for electric cars is assumed to be 17 kWh/100 km.

[84] MDLPA 2024, Ghid de buna practica pentru atingerea nivelurilor optime, din punct de vedere al costurilor, ale cerintelor minime de performanta energetica a diverselor categorii de cladiri
[85] Official Journal, 2023, Metodologie de calcul al performanței energetice a clădirilor, indicativ Mc 001-202
[86] MDLPA, 2020, Strategia Nationala de Renovare pe Termen Lung
[87] EC, 2025, Weekly Oil Bulletin

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