ENERGY BUDGET SCHEME FOR EUROPE

**AIMS:**

1. Tackle the root causes of climate change and overconsumption.

2. Gradually reduce and phase out high-carbon energy use in Europe.

3. Boost innovation and create jobs through providing interest-free loans for energy efficiency and renewable energy investments.

4. Generate a shared sense of common purpose in reducing energy demand.

5. Create a predictable business environment for energy use, security and affordability, even allowing for changing environmental trends in the future.

6. Promote social justice through protecting the poor from the financial burden of the transition.

7. Encourage value change in the society.

**ENERGY ENTITLEMENT:**

Energy entitlements are allocated among citizens, public and private organisations. They add up to the agreed energy (and carbon) budget of the country, which is reduced year by year. When consumers buy energy in any form, they also use up a share of their energy entitlement.

**ISSUING BODY**

The Transition Fund is continuously replenished through the payback of the loans.

**THE TRANSITION FUND**

The Fund provides interest free loans in quota money to support energy efficiency and renewable energy investments. The payback period is adjusted to the energy savings realised in quota money.

**THE CORE SCHEME**

The Energy Budget Scheme is a framework for achieving the deep decarbonization of the economy while stimulating competitive innovation in business and defending fair access of energy for the poor.

**A DEDICATED MARKET FOR ENVIRONMENTAL GOODS AND SERVICES**

Goods and services can be bought from the Quota Money received through selling unused entitlements.

**CONSUMER SUPPORT SERVICE**

A supplementary Support Service would provide advice to all energy consumers to live a healthy, social, economic and environmental lifestyle.

**ENERGY SCHEME ON EUROPEAN SCALE**

The energy budget scheme cannot exist without the Transition Fund and the Dedicated Market for environmental goods and services on national, EU or global scales.

**Issuing body:**

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The Energy Budget Scheme is a framework for achieving the deep decarbonisation of the economy while stimulating competitive innovation in business and defending fair access of energy for the poor.

It provides a consistent and coherent European policy framework, while allowing for national flexibility in the details of implementation.

The three pillars of the scheme mutually support each other and enable a system level intervention. This can unlock huge potential for behavioural change, market transformation and innovation.

It guarantees the desired environmental outcomes and prevents the rebound effect, as it puts a hard cap on fossil fuel use in line with the global carbon budget determined by climate science.

It prevents carbon leakage and prevents increasing energy bills by supporting companies in switching to renewables or increasing energy efficiency.

It protects the poor from the burden of the necessary energy transition, guaranteeing entitlements to energy and helping with reductions in carbon intensive energy use through interest free loans, which are paid back from their own future energy savings.

It increases the public acceptability and thus the political feasibility of decarbonisation, making society’s common aims of retaining a benign climate and secure access to essential energy services obvious, while also providing funds to support these aims.

It supports the competitiveness of the economy and cross-sector collaboration during the energy transition, boosting technological innovation via provision of a clear long-term trajectory.

It creates a predictable business environment for the energy transition, while increasing energy security and supporting affordability.

It boosts deep decarbonisation and a transition to a circular economy through the creation of a dedicated market for environmental goods and services.

It uses limited financial resources efficiently, as state revenues are not used in the form of grants, subsidies or tax incentives. Instead the Transition Fund generated by the system provides zero interest loans in quota money.

It effectively promotes common but differentiated responsibility in the international context through linking national carbon budgets with international fiscal transfers among countries within a global carbon budget scheme.

It also provides a mechanism for unilateral or multilateral decarbonisation. The import tariffs this would require would generate revenue for the early adopters, as well as providing a strong incentive for other nations to follow.

The Resource Cap Coalition (RCC) brings together organisations advocating for a reduction of resource use on global level, which is a precondition for sustainability. But resource use reduction and deep decarbonisation shall not come at the expense of alleviating poverty and hunger.

Thus the RCC has been working on policy tools, which can achieve environmental goals and realise social justice at the same time. The proposed European Energy Budget Scheme is based on the TEO’s proposal from the UK and the energy entitlement scheme from Hungary.

CEEBweb for Biodiversity is one of the co-founders of the Resource Cap Coalition. Within the European Stop Mad Mining campaign CEEweb advocates for sustainable raw material consumption and the phasing out of non-renewable energy use in Europe.