**BUCHAREST – (March 22)** The European Roundtable on Climate Change and Sustainable Transition (ERCST) and Central Europe Energy Partners (CEEP), in cooperation with the Romanian Energy Center (CER), are pleased to announce the release, on the occasion of the workshop organised in Bucharest, of the study “funding mechanisms in the fourth phase of the EU ETS: exploring what is known and identifying issues for clarification and discussion”, which examines the complex infrastructure of the funding mechanisms in the EU ETS.

The main takeaways from the paper, and the accompanying survey, include that:

* Vital questions remain to be answered during the remainder of the implementation phase, especially for the modernisation fund, such as what the selection processes will look like, what additional eligibility criteria will be adopted and what governance framework will have to be put in place.
* The delegated act establishing the Innovation Fund, which was adopted on February 26, can be welcomed as the rules and modalities it lays out enjoy broad support by stakeholders as indicated through the survey.
* A lot of eligible Member States indicate that they will pool most of their allowances in the Modernisation Fund, as allowed by the flexibility mechanisms.
* A majority of industrial stakeholders agree that the Modernisation Fund will be the best tool to modernise the energy system and support the idea of pooling the funds in this mechanism, as it will provide for a streamlined, simple governance; allow for 100% of the relevant costs to be financed; and will likely attract larger projects.

This event is one of four to be held throughout Europe, with the other three taking place in Prague, Sofia and Warsaw. The goal is to have a broad discussion with national stakeholders on the process and design of the funding mechanisms, being the Modernisation Fund, Article 10c Derogation, the Innovation Fund and the Solidarity Provision. Over 40 experts and stakeholders are attending the workshop today.

*“If designed and implemented correctly, these funds will prove to be of fundamental importance to help speed up the transformation of the energy matrix in Central and Eastern Europe and aid in their wider transition towards a competitive low-carbon economy“,* said Andrei Marcu, ERCST's Executive Director.

Combined, the total amount of allowances available through these mechanisms amounts to 2.37billion, or about €55 billion at today’s market prices, available for investments in projects that modernize and diversify the energy sector, improve energy efficiency or employ new low-carbon technologies and processes.