OPC Opinion on Luxembourg's draft Social Climate Plan

Statement of the Luxembourg Climate Policy Observatory (*Observatoire de la politique climatique*, OPC) on the draft Social Climate Plan undergoing public consultation from 29 October 2025 to 16 January 2026.

Executive Summary

The draft Social Climate Plan reinforces the OPC's earlier observations that Luxembourg has a comprehensive and detailed climate policy framework, which aims to enable households with moderate resources to participate in the climate transition and to mitigate disproportionate impacts on more vulnerable groups.

The OPC encourages building on the existing strengths of the draft Social Climate Plan by enhancing coherence, clarity, and responsiveness to emerging social and climate-related challenges, while maintaining its high level of ambition. Against this background, the OPC has the following observations and recommendations:

General points

Ensuring the *social* dimension of the Social Climate plan. Each measure should clarify its target group, why this includes the most vulnerable, and how these are likely to be affected taking into account the likelihood that the measure will be taken up by this group. The final Plan will also benefit from clearer definitions of target groups, eligibility criteria, expected coverage, timelines, and evaluation metrics, including (where relevant) gender-disaggregated indicators.

Use a broad and future-proof definition of climate vulnerability. While the Plan considers social impacts arising especially from ETS1 and ETS2, it largely overlooks existing and

future vulnerabilities linked to climate change impacts themselves, such as heat stress, flooding, and housing exposure. Several EU regions already move beyond minimum EU requirements by explicitly integrating climate vulnerability and social justice into their strategies. France and Germany have emerging frameworks that link adaptation policies with social equity objectives. The definition of vulnerable groups targeted by the policy measures should of course include income, but also housing conditions, health outcomes, and larger responsibility in caregiving roles – many of which disproportionately affect women. Addressing these dimensions will become increasingly important for social resilience and equity and should be considered in future iterations of Luxembourg's social climate policy framework.

Monitoring and data collection to identify vulnerable individuals and their evolution over time. A framework should be put in place to collect data to allow analysts – from STATEC or other academic research institutions – to assess the climate vulnerabilities defined in the previous point. The current draft provides a detailed methodology for energy poverty, but not for other vulnerabilities, nor does it mention making such data available for independent analysis. This will be important both to identify vulnerable populations, the scale of the problem, and to evaluate the impact and take-up of the policies.

Streamlining, coordination, and one-stop-shop approaches are key enablers for take-up and scale-up. The design of measures should aim to increase uptake and accessibility to strengthen their impact. This can be achieved by simplifying and reducing the number of measures. Simplified and coordinated delivery mechanisms, including automatic enrolment for eligible households and active outreach, are particularly important for groups facing structural barriers, including women with care responsibilities. One-stop-shop models, coordinated hubs, and integrated advisory services can play a central role in enabling uptake—especially for vulnerable households, renters, and micro-enterprises with limited administrative capacity. They can similarly serve as central repositories for municipalities who want to share and scale up best practices.

Administrative burden and policy complexity. The large number of measures, including across policies (NECP, SCP), may cause problems in implementation as well as

administrative burdens. Where possible, measures and programmes should be merged and aligned, and a smaller number of more comprehensive instruments be preferred to increase accessibility and reduce administrative complexity.

Building Sector

In general, the building sector related programs are comprehensive and innovative.

Prioritising deep, systemic solutions (such as whole-building retrofits and demand reduction before technology replacement), is critical to ensuring that social support measures contribute to durable emissions reductions, long-term affordability, and social equity. Some measures such as PV system installations are already cost-effective – although the subsidies and support initiatives are still justified – while deep retrofits can require large levels of investments. Deep retrofits also pay for themselves, but the payback periods can run to decades. Few building owners or even third-party investors have such long investment horizons, so subsidies to bridge these payback time gaps are essential to enable retrofits. At the same time, due to the high capital requirements, the subsidies or available (co)financing also need to be larger. More funding needs to be made available for deep retrofits.

Deep retrofits are necessary to meet Luxembourg's climate targets, so policies should avoid risk of lock-in, where shallow or poorly sequenced interventions could entrench high energy use, long-term costs, and residual emissions. The key comment on the retrofit-focused programs is that the depth of the retrofits supported is not mentioned except for one of the programs. This is a major risk for Luxembourg. The scientific literature points to a major lock-in risk: "shallow" retrofits lock in high energy use and thus high emissions. The retrofit cycle is only 20-50 years in Europe, and once a retrofit is done the economics and feasibility of a retrofit "upgrade" to deep retrofit can become impossible for decades. Therefore, each retrofit that achieves less than a systemic deep retrofit – saving as much as 70-90% of heating energy and also minimising cooling energy demand – can lock in 20-60% of heating related energy use and the corresponding emissions for these decades. Insufficiently strong retrofits can become a major hurdle to Luxembourg

meeting its net-zero target by 2050. Step-by-step retrofits are compatible with this goal, however, partial retrofit measures need to enable and not disable systemic, deep retrofits.

Building sector measures provide limited clarity on the number of households and small businesses expected to be reached.

Only 1 out of 30 measures for the building sector specifically address renters. In addition, this measure – No. 14 Study on the rental challenges of the energy transition – is a study rather than concrete support for how renters can reduce their energy bills, when the decision of investing in energy efficiency improvements and low-carbon heating rests with the landlord. The incentives of landlords and renters are not aligned. Renters are more likely to face higher heating bills than homeowners, who think both about the capital cost of any improvements to their building and future heating costs. More generally, low-income renters are less likely to be able to afford newly built houses with better insulation, heating, and infrastructure for electric vehicles. One way to open up such housing is to require that a share of apartments for every new housing project that receives public subsidies be made available to low-income households, similar to the city of Vienna.

Transport Sector

Most of the measures focus on electric cars, but it is important that the Social Climate Plan addresses transport poverty and improves access to transport and public transport for vulnerable households in rural areas. Given the dependence of Luxembourgers on cars, the limited attention paid to public transport in the Social Climate Plan is surprising. Public transport is substantially better in the urban and peri-urban areas where median salaries are higher. There is a lack of data to track transport poverty. While the Luxmobil 2025 survey will provide only limited insight into transport poverty, the existing bus network can already be used to identify underserved and car-depend areas to help guide policies.

Need for last-mile or last-km transport from public transport stations to home is only partially addressed. Measure 33 ("Transport on Demand") mentions demand-responsive transport services ("Ruffbus", "Bummelbus") offered by municipalities and offers that "Ministries" would "encourage municipalities to decarbonise and further develop demand-responsive transport." This measure needs to be improved and made much more concrete, as last-km transport is a blocking point for access to public transportation by rural households and in particular vulnerable rural households.

Access to electric vehicles is addressed more thoroughly through measures on public charging infrastructure, right to a charging station, as well as social car leasing. However, important points for improvement remain. On measure 32 (right to a charging station), the OPC recommends that the existing building stock is included in the scope of the measure and that vulnerable households are explicitly targeted. Measure 42 (social car leasing) is an important measure targeted towards vulnerable households. The OPC recommends to ensure coherence between measures No. 42 and No. 32, as well as the proposed social climate card for preferential charging rates. The total cost of ownership analysis should explicitly address scenarios where home charging is not available.

Subsidies for electric vehicles need to be socially targeted. Electric vehicle owners in Luxembourg are substantially wealthier than the average, which means the subsidy (Measure 36) is regressive. The measure in its current form is not aligned with the goals of the SCP – it needs to be structured such that poorer households are the primary beneficiaries and likely to be able to take up the subsidy. For example, the subsidy should not be capped at 50% of the value of the car, which means that cheaper cars (more likely to be used by low-income households) receive less support. Secondly, for the same reason, the subsidy should not apply to luxury cars – any household that can afford a luxury car does not require a subsidy.

Direct Income Support

Measures related to the compensation of vulnerable households and micro-enterprises for increased costs remain unspecific and it is unclear who are the beneficiaries and what

thresholds apply. This makes it difficult to assess who will benefit, what the impact will be and what the cost of the measures are. The OPC recommends adding a specific assessment of the available budget and specifying how “vulnerable households” and “micro enterprises” are identified.

1 Introduction and Background

Ensuring a just and rapid transition is a key challenge as EU member states implement climate policies to ensure a 90% reduction in GHG emissions by 2040 and climate neutrality by 2050. To mitigate the socio-economic effects of the transition to a climate-neutral economy and to support vulnerable households and microenterprises that are most affected by the costs associated with the extension of the European Emissions Trading System (EU ETS 2), the EU has instituted a Social Climate Fund. To gain access to the Fund, EU member states must submit a Social Climate Plan with specific investments and actions, in accordance with Regulation (EU) 2023/955 on the Social Climate Fund.

The OPC welcomes Luxembourg's first draft of the Social Climate Plan and the accompanying public consultation. Several of the 48 measures build on actions already part of Luxembourg's National Energy and Climate Plan (NECP), as Luxembourg was one of few countries to address social impacts in its earlier NECP, with the Social Climate Plan emerging as part of a coherent overall strategy.

At the same time, the OPC notes that many measures and actions remain vague. Several are not yet sufficiently concrete and are presented primarily as intentions or studies/concepts. In addition, key underlying parameters and evaluation criteria often lack clarity. These observations are detailed in the OPC’s comments on selected measures below.

The following comments are intended to further strengthen Luxembourg's first draft Social Climate Plan.

2 Building Sector

Pre-Financing under the *Klimabonus Wunnen* subsidy program (No.4)

This measure is an excellent and important pillar for avoiding the close to 50% total EU final energy use that is presently spent on heating and cooling. Subsidising retrofits, especially for those without access to financing, is a key way to enhance building related emission cuts. The key for this programme to also accelerate and not hinder Luxembourg's achievement of its ambitious emission reduction targets is that the subsidies should aim to first reduce (heating and other) energy demand through retrofits, insulation, window/door upgrades, air tightness improvements, and only then support heating system replacements. In the opposite case the policy may result in locking higher levels of energy use and thus higher levels of cost burdens for vulnerable groups (along also with potential residual emissions), since the heating systems will be oversized as compared to the heating needs after a deep retrofit. This also would result in unnecessary cost escalations (after a deep retrofit often very little heating demand remains that can be supplied with much cheaper systems than without the retrofit).

Two further questions that emerge from the description.

1. Does the programme support mainly deep retrofits, even if on a step-by-step basis? If not, this would be crucial.
2. Why does the programme focus now only on PV installations? Upscaling renewable energy is faster, cheaper and easier than cutting emissions, so the real and major help is needed for building retrofits.

The OPC recommends that…

…**the programme prioritises, and incentivises where possible, net zero energy retrofits in its first phase of the program, even if on a step-by-step basis, ultimately resulting in whole-building, systemic retrofits** (see above). A deep retrofit goes beyond adding insulation, including such crucial elements such as eliminating thermal bridges, air tightness, insulating not only walls but also roofs and basements.

...the first phase of the program prioritises retrofits and not only PV installations.

...the program is allocated a substantial budget due to the large investment needs for (deep) retrofits.

...in the long run, subsidies first support deep retrofits (can be on a step-by-step basis) and then encourage heating system replacements, to avoid high utility cost or even emission lock-in, as well as unnecessary investment costs.

Pre-Financing of the 'Topup Social' energy efficiency improvement grant (No.6)

This measure aims to provide further financial assistance to help individuals from vulnerable groups carry out an energy upgrade to their home - a complementary programme to the Klimabonus Wunnen programme. The OPC welcomes this additional financial assistance, as individuals living in homes with poor energy ratings face higher running costs, and often face challenges in raising the funds needed to improve the energy performance of their homes. In addition, the OPC welcomes the option to introduce a 'voucher' for vulnerable homeowners to streamline the administrative process, as administrative burdens are a second important barrier to accessing assistance in home energy upgrades. The integration of the voucher system into the national energy renovation support entity will advance several goals: not only streamline administration and integrate several programmes to improve efficiency, but also help substantially with the complexity of building retrofits, and help towards a "one-stop-shop" approach that has been widely recommended in the literature for enabling deep retrofits.

Three questions emerge:

1. How does/can the Topup Social reach renters living in poor energy-performing homes?
2. What does the 'voucher system' look like and how will it be implemented in practice?

3. Does the Topup Social help achieve deep renovations?

The OPC recommends that…

…this measure is fully implemented, and even extended.

…similar measures are adopted to help vulnerable renters to improve their home's comfort and financial conditions.

…the voucher system and integration with another programme to ease administrative burdens should be applied across all measures, as much as possible.

…if the Topup Social allows for a top up subsidy of up to 100% of the Klimabonus Wunnen, the budget should be allocated that reflects this commitment.

…the Topup Social helps as much as possible to achieve deep renovations. This will also ensure a long-term solution to energy poverty or energy related social burdens for the respective households, while also preventing climate lock-in. This will be especially important as Luxembourg nears the later phases of the journey to net zero emissions. Ensuring that all retrofits that take place today maximise energy efficiency (i.e. deep retrofits reaching, ideally, "Passivhaus" level of energy efficiency) will make meeting later ambitious climate goals much easier, since remaining energy-related emissions from less-than-deep retrofits will be too expensive or difficult to address later, or the saved clean energy will be well used for fast decarbonisation of other harder-to-abate sectors where substantial upscaling of clean energy supply is needed.

…the Topup Social can be used for the short-term additional expenses incurred by deep renovations, including rehousing during the time of the works - as deep renovations can disturb daily life of households during the works. Alternatively, scalable methods can be promoted that can implement deep retrofits on frequent building typologies in less intrusive and fast ways, such as the "Energiesprong" approach.

Upscaling of the *Zesumme renovéieren* pilot project in Differdange (No.10)

This measure is an important measure for the expansion and extension of scalable, prototyped and potentially industrialised deep renovation projects that are designed for different ages and housing materials. The *Zesumme renovéieren* pilot project has been particularly successful at mapping the houses and their specific renovation needs - this knowledge can easily be scaled up to the national level.

The OPC also welcomes the measures to simplify the very complex task of deep retrofits by creating institutional capacities such as advice and tailored information on subsidies and contractors, which is close to the "one-stop-shop" approach advocated by the scientific literature on the topic as an essential enabler for deep retrofits. Cooperation with other relevant support programmes and institutions is also desirable, to simplify the complex landscape of support options for deep retrofits as well as social climate programmes.

It is essential that the pilot project is expanded and upscaled as quickly as possible, to build on the good experience of the project and to create a larger and more knowledgeable market for retrofits of homes of all ages and types.

The following question emerges:

- Why is this action categorised as "research": While research on typologies and scalable methods for fast, disruption-free and industrialised, lower-cost deep retrofits is also essential, the programme includes many important aspects that can already be implemented and scaled up/extended without waiting for the new research results.

The OPC recommends that...

...this programme is upscaled as quickly as possible.

...several aspects of the outcomes of "Differdange" (e.g. enhanced advisory services and tailored support for Klimabonus grant applications, further one-stop-shop methods, institutional help for deep retrofits, help with applications, etc.) should already be extended and replicated by other municipalities, even before the outcomes of the research results are available.

Energy renovation of vacant dwellings (No.11)

The OPC strongly commends this innovative and exemplary measure, that is likely unprecedented or have few comparable ambitions worldwide. The measure addresses three crucial climate and social issues together, thus its cost-effectiveness should be calculated keeping at least these three fundamental societal and environmental goals in mind. First, the (hopefully deep) retrofits incentivised this way will enable long-term emission reductions from the Luxembourgian building sector. Second, the measure can help substantially with the housing shortages in Luxembourg that is a Europe-wide problem, without extra need for further land requirements and investments. Third, a major level of emissions may be avoided by not having to build new housing for the residents who will be housed in these otherwise vacant buildings, since construction is a highly emission-intensive sector whose emissions cannot be fully eliminated even with clean energy technologies.

The OPC recommends that...

...the experiences from this program are well researched and publicised in the international scientific literature, so other countries and cities with similar issues (large unoccupied building stocks for investment or other purposes) can benefit from the idea and experiences.

Study on the rental challenges of the energy transition (No.14)

While this measure represents a positive step and provides a useful foundation for addressing several challenges in the rental sector, it remains at a conceptual stage and

does not propose concrete interventions. The study may inform the development of more concrete measures and policy actions in the future. The three identified areas of focus are relevant; however, strengthening measures in the rental sector requires a detailed understanding of the populations affected. This includes vulnerable groups such as large households, as well as the role of social landlords in housing allocation and in supporting vulnerable households during the energy transition.

The OPC recommends that...

...the study be initiated without delay to establish an evidence base for future measures, while remaining clearly framed as exploratory and preparatory.

...a granular assessment of affected tenant groups is ensured, accounting for diversity across localities, housing typologies, and socio-economic conditions, including large households, low-income tenants, and households experiencing energy poverty.

...territorial differentiation is incorporated to reflect variations in rental markets, building stock, and regulatory frameworks across regions and municipalities.

Together, these elements should support the effective integration of the study's findings into related programmes and policy frameworks, such as Klimabonus Wunnen.

Support for the installation of photovoltaic systems on affordable housing (No.16)

This measure currently remains at the level of ideas and proposals and has not yet been implemented, as the government plans to assess two distinct options for the large-scale deployment of photovoltaic systems, specifically within affordable housing. The measure addresses a relevant policy objective and is therefore welcomed in principle. As noted above, its effectiveness could be enhanced by integration with a dedicated one-stop-shop for renovation and new construction, with a view to avoiding duplication and improving coordination, standardisation, and administrative efficiency.

The OPC recommends that…

…**the assessment of the two proposed options for large-scale photovoltaic deployment in affordable housing is completed within a defined timeframe**, with a view to identifying a clear implementation pathway and associated governance arrangements.

…**any future implementation of this measure will be coordinated with a one-stop-shop for renovation and new buildings**, in order to streamline administrative procedures, avoid duplication, and ensure consistent technical and operational standards across programmes.

Social leasing – heat pumps and photovoltaic panels (No.18)

This measure suggests a social leasing model for heat pumps, batteries, and photovoltaic panels, similar to how point 42 does for electric vehicles. This is aimed at households that cannot afford to finance these directly. This measure therefore shares the same concerns as measure 42, but a few additional ones should be highlighted. First, heat pumps can help towards reducing energy consumption and emissions overall, whereas PVs and batteries do not reduce consumption. As such, heat pumps are the better choice, as they free up energy for other sectors where emissions are hard to reduce. Second, social leasing of PVs, batteries, and EVs should be carefully integrated, since EVs can act themselves as substitutes for batteries, charging when electricity prices are low, discharging later. Finally, it is not clear how it will be ensured that this leasing model, as well as for point 42, will target the most vulnerable populations.

'State Energy Community' for sharing renewable electricity with vulnerable households and micro-enterprises (No.19)

Measure No. 19 proposes to establish a 'State Energy Community' to share renewable electricity with vulnerable households and micro-enterprises, and to undertake a study to examine the practical modalities of this model. This measure is hence not yet implemented and remains in the state of idea. However, it represents a promising

approach to ensuring an inclusive energy transition by leveraging State assets for the benefit of vulnerable populations.

The OPC recommends that…

…**clear beneficiary identification criteria are defined.** Following the EU Social Climate Fund Regulation, vulnerable households should be defined as those experiencing energy poverty, including those on low and lower-middle incomes who lack the means to invest in renewable energy. We recommend considering income thresholds, housing tenure status, energy expenditure ratios, and geographic factors.

…**concrete design parameters for the energy sharing model are established.** Consider setting minimum allocation thresholds for vulnerable groups; the Green European Foundation[1] recommends that energy sharing organisers receiving public support should provide at least 20% of shared electricity to vulnerable and underrepresented consumer groups. Virtual energy sharing, allowing electricity to be shared through the distribution grid rather than requiring physical proximity, enables participation by apartment dwellers who cannot install their own systems. The Caldes de Montbui model in Spain offers a useful precedent[2]: this municipal energy community shares PV capacity from public buildings with citizens (1 kWp per eligible family), with a participation fee of €50/year yielding annual savings of €300-400 per household. As noted in the current measure, local sharing can yield positive effects on electricity networks; these grid benefits should be quantified and leveraged in the economic model.

…**tenant protections are included.** It is critical to address split-incentive barriers to ensure vulnerable renters benefit from the scheme. Direct benefits should reach tenants by

[1] Green European Foundation / Heinrich-Böll-Stiftung European Union (2024). "Facilitating energy sharing: Boosting participation in the energy transition." https://gef.eu/wp-content/uploads/2024/11/Facilitating-energy-sharing-boosting-participation.pdf

[2] *URBACT Good Practices. "Local Energy Community" (Caldes de Montbui, Spain). https://urbact.eu/good-practices/local-energy-community*

excluding energy savings from household income calculations, thereby ensuring housing costs do not increase as a result of participation.

…**social and climate impacts are quantified.** The measure should include measurable energy poverty reduction targets and quantify expected CO_2 reductions, aligned with NECP objectives. Annual reporting should be established covering indicators such as the number of beneficiary households, kWh shared, average bill reduction, energy poverty prevalence, and emissions avoided. France has established a national observatory[3] and Spain has set an indicator framework[4] that could serve as models.

…**implementation support is detailed and coordination is ensured**. Once the study is completed, it will be important to detail governance structures, administrative capacity, and support mechanisms (including one-stop shops and intermediary organisations) to help vulnerable households access the scheme.

Assistance for energy-poor households (No.21)

The OPC welcomes the initiative to help energy (fuel) poor households. This is another innovative and exemplary measure from the Social Climate Plan. This particular measure is innovative, as compared to the approach of many other countries, that it aims at a long-term solution of energy poverty rather than short-term compensation for energy expenditures, or subsidised tariffs, that exacerbate fuel poverty by dis-incentivising efficiency, and therefore potentially locking households into longer term fuel poverty if they purchase energy inefficient appliances and do not invest in the energy efficiency of their homes. In contrast, this measure both builds awareness and helps vulnerable households reduce their energy use in the long term.

The OPC recommends that…

[3] ONPE - Observatoire National de la Précarité Énergétique (France), established 2011. https://onpe.org/

[4] *IDAE - Estrategia Nacional contra la Pobreza Energética 2019-2024 (Spain).* https://www.idae.es/en/information-and-notifications/studies-reports-and-statistics/energy-poverty

...the support can also be combined with other measures towards deep building retrofits, so that energy-poor households can reduce energy costs where it hurts most: heating. However, where this is not possible for various reasons, also efficient appliances/lighting can be beneficial.

Specialised energy advisory service for replacing fossil fuel heating systems with renewable solutions (No.22)

The OPC welcomes the specialised advisory service for replacing fossil fuel heating systems, together with measure No. 21 (assistance for fuel poor households). This measure helps Luxembourg to phase out fossil fuels also used by poorer households who may not have the capital or face other barriers for embarking on these replacements on their own. However, it is important that, when possible, such measures are preceded by deep retrofits of their buildings, to avoid locking in high energy use and thus potential fuel poverty, and in order to avoid unnecessary larger costs. Once deep retrofits are performed, and thus addressing fuel poverty and emissions for the long-term, heating needs are significantly reduced, and thus the remaining heating needs can be supplied by much smaller and perhaps simpler renewable heating systems, thus saving much on heating system related investment and maintenance costs. As a result, fuel (energy) poverty is addressed in the long term – even renewable energy systems have costs associated with them, and thus smaller, simpler systems will pose lower financial burdens on households with more limited resources.

In addition, ambitious climate goals can be advanced: despite very successful scaling of renewable sources of energy, due to the dynamic increase in new energy demands, these have been displacing fossils just to a limited extent. The more we moderate energy demand, the faster other sectors (mobility, industry) can transition to renewable energy, since our ability to scale clean power at the rate required by decarbonisation goals is limited.

The OPC recommends that…

…this measure is implemented in close integration with 21, and when feasible, the heating system replacement is preceded by deep building retrofits.

Climate pact (pacte climat) for Businesses (SMEs) (*Klimapakt fir Betriber*) – Basic advisory services for vulnerable micro-enterprises (No.24)

This measure addresses an identified policy gap, as the literature documents both the rationale for supporting SMEs in their decarbonisation efforts and the comparatively limited coverage of SMEs – particularly vulnerable micro-enterprises – within existing climate policy frameworks. Given the large heterogeneity of SMEs and micro-entrepreneurs, as well as the diversity of environmental challenges they face, one-size-fits-all policy approaches are unlikely to be effective. The proposed measure therefore envisages the establishment of a central hub to support data collection, knowledge development, strategic coordination, and the streamlining of relevant actions and support instruments. Existing evidence indicates that SMEs have been largely overlooked in climate policy design despite their aggregate emissions and constrained internal capacities, while targeted support initiatives have demonstrated effectiveness.

The OPC recommends that…

…the identified gap in climate policy support for SMEs, in particular vulnerable micro-enterprises, is addressed by strengthening dedicated support structures for SME decarbonisation. A tailored approach is essential, taking into account the heterogeneity of enterprises and the sectors in which they operate. For example, service-based enterprises, including those operating from residential or mixed-use buildings, face different decarbonisation challenges than logistics or delivery services, where vehicle fleets and mobility solutions are a primary concern.

…a central coordination hub – supported by scientific accompaniment – is established or further developed to support data collection, knowledge development, strategic/policy

coordination, and the streamlining of measures targeting SMEs' / micro-entreprises' decarbonisation efforts. Such scientific support could contribute to evidence-based design, monitoring, and evaluation of the measures implemented.

...such a hub builds on evidence from targeted support initiatives, which have demonstrated the effectiveness of technical assistance and knowledge-transfer approaches in enabling SMEs to understand and quantify their GHG emissions. In this context, Klimapakt fir Betriber could serve as a dedicated coordination platform to support and align measures targeting SMEs, particularly micro-enterprises. Such measures may include, inter alia:

- improving SMEs' understanding of net-zero and decarbonisation strategies;
- providing technical assistance for GHG emissions measurement and reporting, and where relevant, for climate risk management and resilience considerations;
- developing tailored knowledge-transfer and capacity-building programmes; and facilitating access to low-carbon materials and technologies

3 Transport Sector

Right to a charging station (No.32)

This measure proposes to introduce a formal 'right to a charging station' to simplify the decision-making process for installing charging infrastructure in multi-unit residential buildings and rental properties. This initiative reflects a praiseworthy commitment to accelerating the electrification of the national vehicle fleet while guaranteeing fair and inclusive access to charging infrastructure, regardless of housing type. As the measure has still to be detailed further, we highlight a few points worth considering for its further development.

The OPC recommends that...

...the existing building stock is included in the scope of the measure.

...Requiring or incentivising housing companies to conduct financial assessments of making their parking lots 100% EV-ready is considered.

...requiring local authorities to work with housing companies to provide solutions to all residents is considered.

...a robust 'right to plug' is established. Following the French model, consider a notification-based system, where the applicant notifies the co-owners association, which then has a defined period (e.g., 3 months) to oppose only on limited technical grounds.[5] Administrative requirements could be kept to a minimum with legal timelines for procedural steps. Ensure alignment with Measure No. 39.

...support mechanisms for existing buildings are included. Consider the Dutch model, where homeowners' associations and housing cooperatives can receive a 75% discount (up to €1,500) for consultation from a licensed expert on charging infrastructure planning.[6]

...smart charging capabilities are mandated. Require all charging points to be interoperable, capable of smart charging, and where appropriate, bidirectional charging, in line with EPBD requirements. This ensures grid integration and allows EVs to serve as flexible resources for the power system.

...vulnerable households are explicitly targeted. Include specific provisions ensuring that residents of social housing and low-income tenants can benefit from the right to a charging station. Consider financial support mechanisms or subsidies for charger installation in buildings housing vulnerable populations, linked to the social climate card proposed in Measure No. 42.

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[5] *Transport & Environment (2025). "Right to plug" briefing.* *https://www.transportenvironment.org/uploads/files/2025_01_TE_briefing_Right_to_Plug.pdf*

[6] *ICCT (2024). "How European apartment dwellers can charge up and drive electric."* *https://theicct.org/how-european-apartment-dwellers-can-charge-up-and-drive-electric-mar24/*

Transport on Demand (No. 33)

Measure 33 ("Transport on Demand") mentions demand-responsive transport services ("Ruffbus", "Bummelbus") offered by municipalities and offers that "Ministries" would "encourage municipalities to decarbonise and further develop demand-responsive transport." This measure needs to be improved and made much more concrete, as last-km transport is a blocking point for access to public transportation by rural households and in particular vulnerable rural households. New technologies are available to offer more universal last-km transport options that work at the national rather than the municipal level.

The OPC recommends that…

…new technologies are studied to see how last-km transport options can complement public transport at the national level rather than at the municipal level.

Klimabonus Mobilitéit — Subsidy programme for zero-emission vehicles (No. 36)

While this subsidy for EVs may be laudable from the point of view of speeding up the energy transition, it is a subsidy that will in effect benefit the wealthier incomes. As the survey by the OPC shows, EV owners in Luxembourg are substantially wealthier than the average, so that this subsidy is regressive. The measure in its current form is not aligned with the goals of the SCP – it needs to be structured such that poorer households can benefit more and are likely to be able to take up the subsidy. For one, the subsidy should not be capped at 50% of the value of the car, which means that cheaper cars (more likely to be used by low-income households) receive less support. Secondly, for the same reason, the subsidy should not apply to luxury cars - any household that can afford a luxury car does not require a subsidy for this. As luxury electric cars are more likely to consume more electricity per km, the 3000 EUR subsidy for electric vehicles consuming ≤ 18 kWh / 100 km should be dropped entirely and only the subsidy for vehicles consuming ≤

16 kWh / 100 km remain, as large households can still benefit from the 6000 EUR irrespective of the electricity consumption (effectively exempting mini-vans from the consumption limit).

The OPC recommends that...

...**the subsidy should be adjusted to not apply to luxury cars**, as households that can afford a luxury can do not require a subsidy.

...**the 3000 EUR subsidy for electric vehicles consuming ≤ 18 kWh / 100 km should be dropped and only the 6000 EUR subsidy for electric vehicles consuming ≤ 16 kWh / 100 km should remain and in addition be made socially just** (i.e. income thresholds should apply), such that lower-income households receive more support.

Free and promoted public transport (No. 40)

Given the dependence of Luxembourgers on cars, the minimal attention paid to public transport is somewhat surprising. Many poor households cannot afford any or even several cars, so several household members may have to rely on public transportation. While the free public transport in Luxembourg makes it available for free for all, public transport is substantially better in the urban and pre-urban areas where median salaries are higher. There is also a lack of data to track transport poverty. The Luxmobil 2025 survey will provide some insight, but the existing network of bus routes should already allow estimates of locations that are underserved and depend on cars and help guide policies.

Social car leasing (No. 42)

This measure focuses on a study on the implementation of a dedicated social leasing scheme with reduced monthly payments for vulnerable households, enabling them to replace internal combustion engine vehicles with electric alternatives. The measure also

explores supportive instruments including a social climate card for preferential charging rates. Based on feedback from similar EU initiatives, we list hereafter a few points worth considering the implementation of the study and the definition of Social Car leasing requirements.

The OPC recommends that...

...concrete eligibility criteria are defined. Beyond income thresholds, consider criteria such as distance to workplace, availability of public transport alternatives, and household car dependency[7] for identifying vulnerable households eligible for the scheme. France's 'leasing social' scheme provides a proven model and demonstrates strong demand.[8]

...the number of households to be supported, or measurable targets for transport poverty reduction are specified. T&E estimates that 20 million Europeans are vulnerable to fossil-fuelled car dependency in the five largest EU markets.[9] This will help assess the scheme's adequacy and monitor its impact.

...important scheme parameters are defined, including maximum monthly payment levels, contract duration, vehicle eligibility criteria, and the subsidy amount per vehicle. This is important to assess the scheme's ambition and affordability.

...priority criteria are established for households with limited access to public transport alternatives or those with long commuting distances. The measure already rightly acknowledges the importance of private vehicles in rural areas.

[7] *ICCT (2025). "Two recent successes with social leasing programs for zero-emission vehicles." https://theicct.org/two-recent-successes-with-social-leasing-programs-for-zero-emission-vehicles-jun25/*

[8] *France Social Leasing Scheme. Service-Public.fr (2025). https://www.service-public.gouv.fr/particuliers/actualites/A16990*

[9] *Transport & Environment (2025). "Social leasing: how low-price EVs can help transport vulnerable drivers." https://www.transportenvironment.org/articles/social-leasing-how-low-price-evs-can-help-transport-vulnerable-drivers*

…the potential role of used EVs or second-hand market in making electric mobility more accessible and affordable for vulnerable households is considered further. E.g., consider extending eligibility to quality-certified used EVs or including provisions for vehicle buy-back and reallocation.

…coherence between measures No. 42 and No. 32 (Right to a charging station) is ensured, as well as the proposed social climate card for preferential charging rates. The total cost of ownership analysis should explicitly address scenarios where home charging is not available.

4 Direct Income Support

Social financial compensation for CO_2 tax (No. 43)

The measure remains quite unspecific, as it is unclear who specifically will receive this. Neither are there indicators given (income etc., what are "vulnerable households", when is an enterprise "micro") nor are there specified thresholds on when that measure applies. This leaves it unclear to assess who will benefit, what the impact will be and what the cost for the measure are.

CO_2 tax credit (No. 44)

Same comments apply to measure No. 44: it is an already existing policy and it is not clear why it helps with the social aspect - not all self-employed and pensioners are vulnerable.

Regular adaptation of the cost-of-living allowance (No. 45)

This measure includes information on the previous measure and claims that Measure No. 44 includes an increase in the energy bonus, but Measure No. 44 does not explicitly mention that.

The OPC recommends that...

...a specific assessment of the available budget and a specification on how “vulnerable households" and “micro enterprises” are identified are added.

...the administrative burden to the government that comes along with implementing that measure is assessed. It should be carefully considered if this could be integrated into other measures to reduce administrative burden - or on the contrary if other measures in this plan could be dropped to strengthen this measure.