

How the CO₂ price will affect heating costs in Europe

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The EU-wide uniform CO₂ price for the building and transport sectors planned from 2028 will change the heating costs of 100 million households. A study by the Bertelsmann Stiftung shows that in many countries, including Germany, the additional burdens are likely to be limited. In Scandinavia, households could even see some relief. But in some Central and Eastern European regions, heating costs would go up noticeably. The study also shows that if the money from CO₂ pricing is used the right way, it is enough to ease the burden households facing the greatest burden.

Gütersloh, January 22, 2026. Residential buildings account for around one-third of greenhouse gas emissions in the EU. The expansion of the European Emissions Trading System (ETS2) to include the building sector is intended to create incentives to modernize heating systems, renovate buildings to improve energy efficiency, and reduce emissions in the long term.

The price for CO₂ emissions will have very different effects. In Germany and other western and northern European member states, where a CO₂ price already exists, costs would rise on average by €17 per year per household with an expected entry price of €60 per ton of CO₂. In Portugal, Ireland, Denmark, and Sweden, heating could even become cheaper because the CO₂ price there is already above 60 euros per ton. In Poland, Hungary, Slovakia, and other Eastern European countries, there is no CO₂ price yet and households have lower incomes, so the EU-wide introduction would have a much greater effect. An ETS2 price of 60 euros per ton of CO₂ would increase heating costs for a household there by 100 to 400 euros per year.

"Our study shows: For most European households, the introduction of the CO₂ price in the building sector is easily manageable. However, some households will need support because they are particularly affected. But: Revenues from CO₂ pricing are sufficient to provide this support – if member states spend the money wisely," says Thomas Schwab, expert on European economics at the Bertelsmann Stiftung.

Beyond compensating households that are particularly affected, the switch to climate-friendly heating systems must be subsidized by the government. "The key to combining climate protection and social justice: Ensure that subsidies and relief measures reach those who need them," says Sara Hagemann, an economic expert at the Bertelsmann Stiftung. "Revenue from CO₂ pricing is sufficient to cushion the burdens on particularly affected households. But they will not be enough to support the switch to climate-friendly alternatives on a large scale."

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