

# **Austrian Climate and Energy Policy**

## **Legal instruments**

April 2022

# Austrian Renewables Deployment Act

## Framework & goals

Legislative package, comprising 10 bills of law:

- Renewable Deployment Act (EAG) revising the support scheme for renewable electricity
- Amendment of 9 energy-related bills, i.a. Electricity Act 2010, Natural Gas Act 2011, Electric Power Lines Act, Heating and Cooling Network Expansion Act

**c. 73% electricity  
from RES**

2018

**100% electricity  
from RES**  
by 2030 (national/on the  
balance sheet)



2030

## Climate Neutrality



by 2040



by 2050

2040

2050

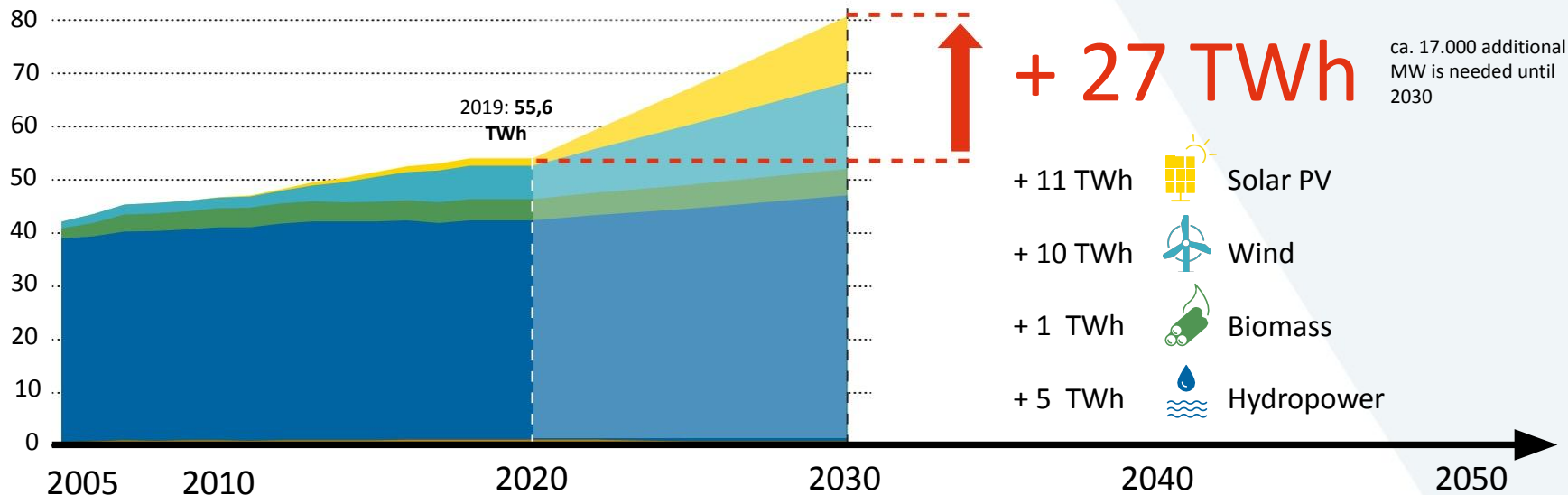


## 50% increase needed to meet the target of 100% electricity from RES by 2030

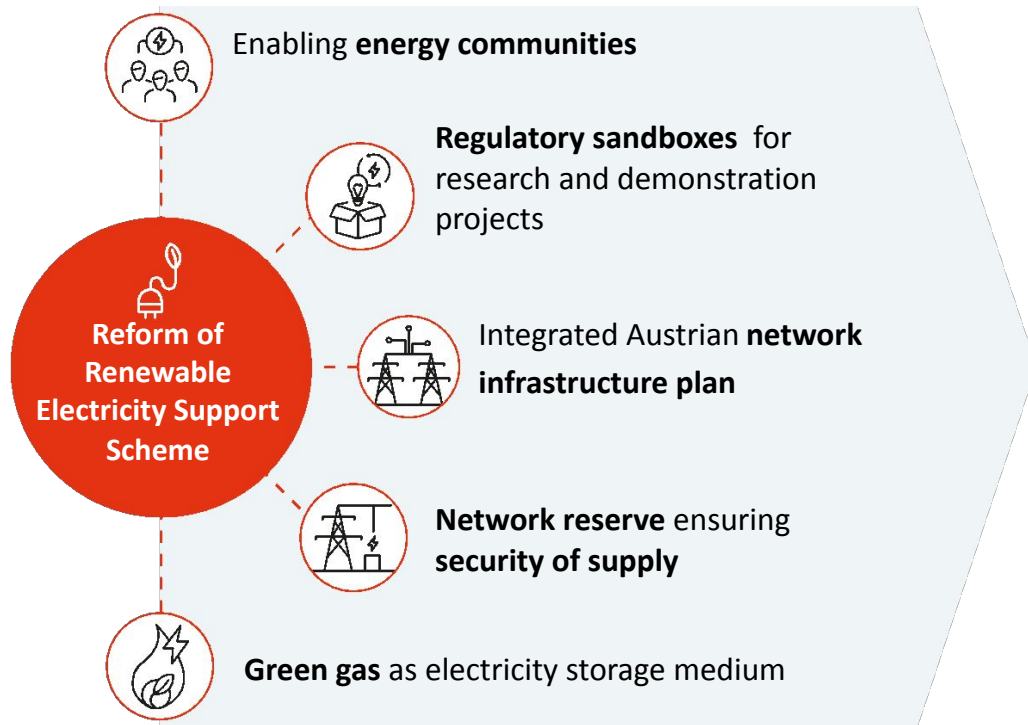
2030 target:  
100% electricity from RES

Corresponds to an  
increase of around  
50% compared to  
2019

### RES-electricity generation until 2030 in TWh



## EAG: Legal basis for reform of renewable electricity support scheme







**2030 target:**

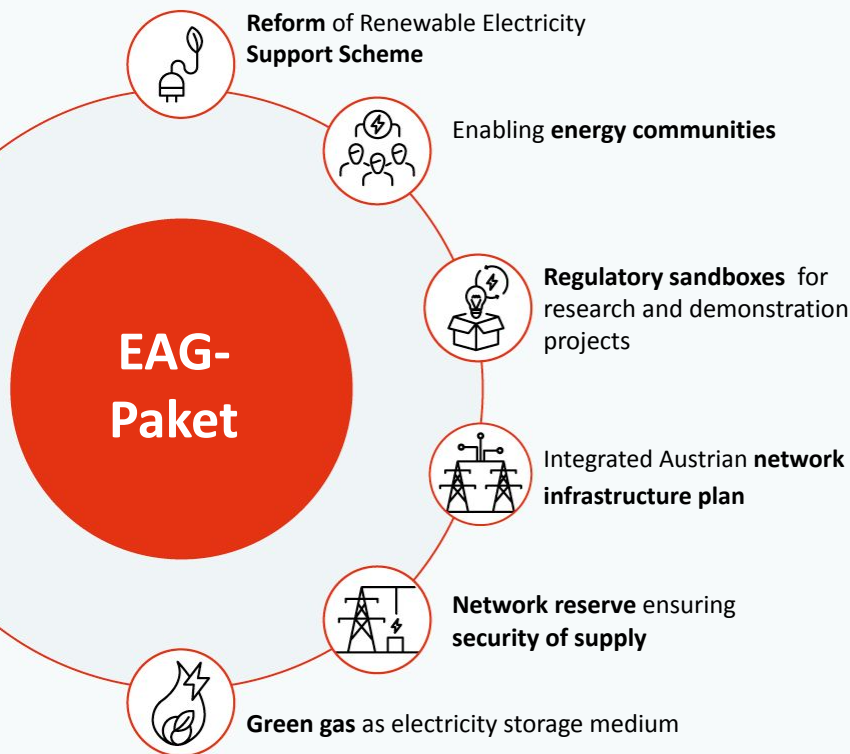
**100% electricity from RES**

**+ 27 TWh**

ca. 17.000 additional  
MW is needed until  
2030

- + 11 TWh  Solar PV
- + 10 TWh  Wind
- + 1 TWh  Biomass
- + 5 TWh  Hydropower

# Lessons Learned



# ... and challenges ahead

## Ambitious 2030 targets (RED II revision)

- Large capacities of PV and wind generation – designation of areas; public acceptance issues, conflict with environmental targets
- Additional renewable deployment also in heat and transport sector - new study on the potential of renewables

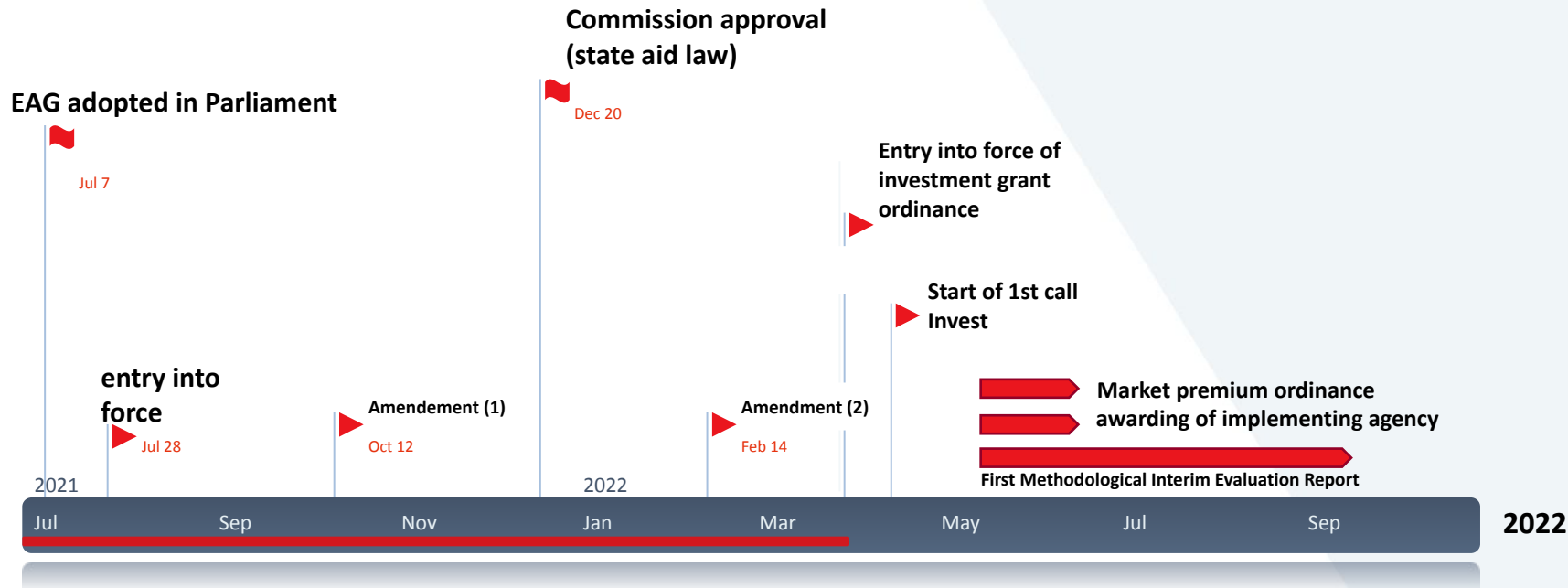
## Controlling & Monitoring

- Budget of 1 Billion – Future electricity price unknown
- Regularly adjusting floating market premiums; no experience with tendering yet
- efficient integration of intermittent renewable energies into the European electricity system

## Transparency

- Comprehensive Evaluation 2023; including system flexibility and storage options

# Timeline



## Eco-social tax reform: Government programme 2020

- Elaborate the most efficient economic instrument to progressively establish true costs for CO2 emissions in sectors not subject to the EU ETS (...).“
- Develop sectorally differentiated relief measures for companies and private individuals to ensure that there are no additional burdens (...), taking into account existing switchover options, sectoral impacts, regional differences in living conditions and social cushioning, while preserving the CO2 mitigation effect."



## Introduction of CO<sub>2</sub> pricing: National Emissions Trading Act 2022

The goal is an effective pricing of CO<sub>2</sub> in those sectors that are not subject to European emissions trading (especially buildings and transport).

- In order to ensure that the national emissions trading system is implemented as quickly and with as little administration as possible, introduction in three phases, starting with a fixed-price system in phases I and II:
  - **Phase I/introduction phase** (July 2022 to December 2023): Simplified form of certificate trading by means of simplified determination and surrender of certificates (responsibility of financial administration) .

## Introduction of CO<sub>2</sub> pricing: national ETS

- **Phase II/transition phase** (January 2024 to December 2025): In the transition phase, the necessary organizational and legal conditions for emissions trading are to be created, thus bringing trading participants closer to free national or European trading.
- **Phase III/(national) market phase** (from January 2026): After the fixed-price phase (until 2025), the emissions trading system of the covered sectors enters a market phase, taking into account developments at the European level.

## Introduction of CO<sub>2</sub> pricing: national ETS

year	CO <sub>2</sub> Preis pro Tonne in €
2022	30
2023	35
2024	45
2025	55

- **Accompanying measures**
  - Price stability mechanism
  - Carbon Leakage provisopms  
(Investments in additional climate measures)
  - Hardship clause
  - Compensation for agriculture and<sup>11</sup>

## Regional climate bonus

- Takes into account the requirements of the government programme 2020.
- The objective is the flat-rate compensation of additional costs (fossil heating/fuel and the passing on of costs to end consumers) for private households resulting from CO2 pricing.
- Based on factors of the "Urban-Rural Typology" of Statistics Austria and the public transport quality classes of ÖROK.
- Consists of a basic amount of € 100 and regional compensation.

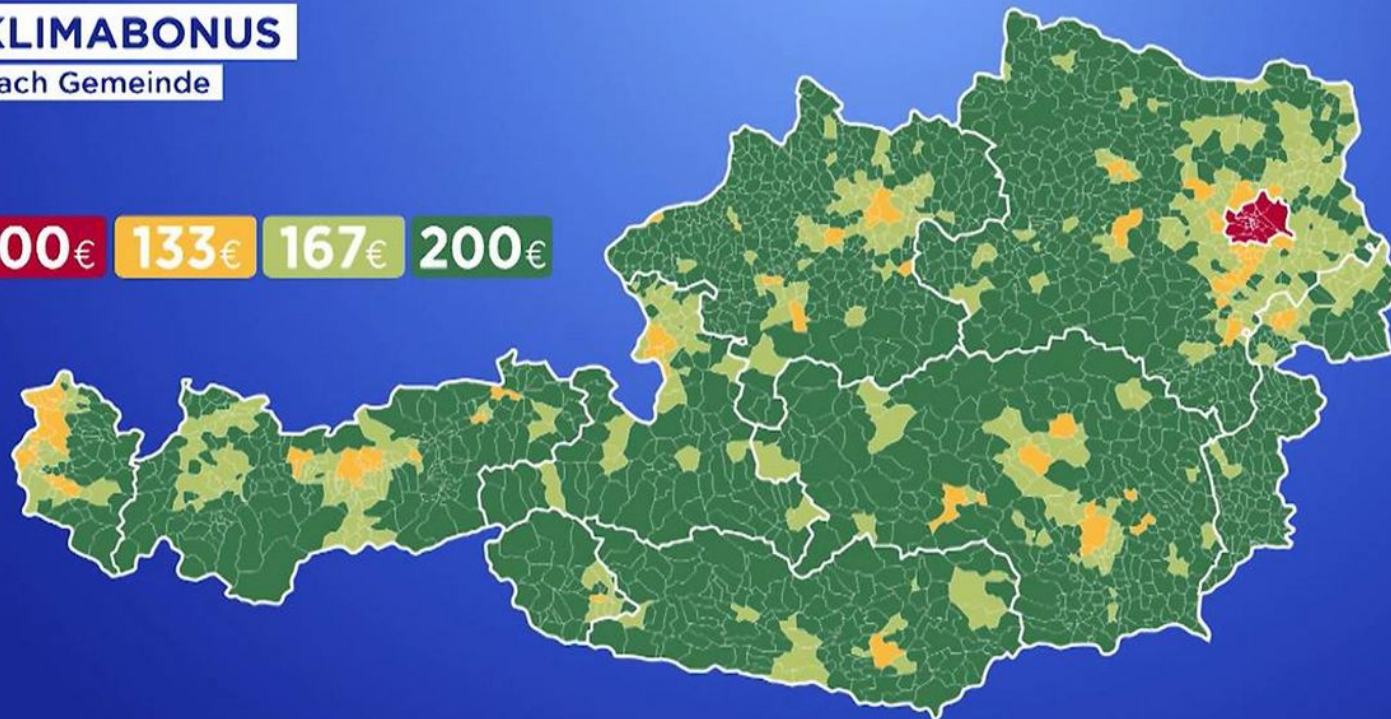
## Regionale climate bonus

- The regional compensation amounts to zero, 33, 66 or 100% of the basic amount, depending on the category.
- For persons with children, relief will be provided in the amount of a 50% surcharge per child.
- The regional climate bonus is paid out in full as of 2022 (pricing to begin in July 2022).
- Relief effect in the amount of around € 1.25 billion

## KLIMABONUS

nach Gemeinde

100€ 133€ 167€ 200€



Quelle: Statistik Austria

## Laws in preparation

- Climate Act
- Energy Efficiency Act
- Renewable Heat Act

## Current Climate Act has Clear Weaknesses

Findings by the **Court of Auditors** (report of April 2021) and evaluation by the **University of Graz** (expert opinion of July 2020)

- No substantive governance and accountability mechanism
- Planning of measures lacks regular evaluation and necessary involvement of science
- Lack of relevance of sectoral targets for policy planning
- Lack of ambitious deadlines and external control mechanisms



## New Act: Specifications form Coalition Agreement

- **Climate neutrality 2040** as well as **binding overall and sectoral targets** (2030 and 2040) for all sectors, pathways, resources and responsibilities
- **Accountability mechanism** between the Federal Government and the Provinces for achieving and failing to achieve targets
- Improved **mechanism** for taking **additional action** when targets are not met
- New cross-level governance with **climate cabinet**

## Additional Specifications: Parliamentary Resolution and RRF

- Legally-binding Paris-compatible **national GHG budgets**
- **Scientific Climate Advisory Board** in support of an ambitious national climate policy (models are DE, UK, EU Climate Law)
- **Citizens' Assembly** as a participatory addition to the new governance structure (models are IE, FR, UK), first Assembly was already started outside of Act
- **New „Transformation Fund“** to be set up alongside Climate Act

## First Draft of the New Climate Act

- **First technical draft by BMK** based on the specifications mentioned has already been **circulated within the government**
- Implements all elements mentioned, with **additional elements** on monitoring, adaptation, international climate finance, stocktake
- Foresees some **constitutional provisions** – this would require the votes of at least on major opposition party as well as the Provinces

## Next Steps

- **Agreement on a joint draft** within government (discussions are already underway at technical and political levels)
- **Public consultation, government bill and parliamentary process**
- Existing Climate Act remains in force until new Act is adopted

## Energy Efficiency Act

- The work on the **new Energy Efficiency Act** is currently at an **advanced stage of preparation**. We are working very intensively to be able to submit the draft law for public review as soon as possible.
- In addition to **adapting the provisions to the current European legal framework**, we also plan to integrate some **administrative simplifications**, for example with regard to the registration of measures.

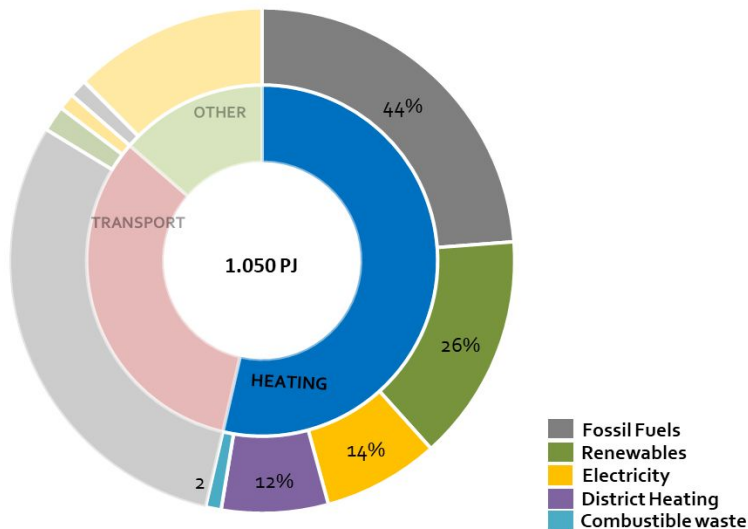
## Energy Efficiency Act – key points

- An **ambitious final energy consumption target** and **ambitious final energy savings targets**
- **combined approach to achieving the targets**, in the form of an energy efficiency obligation system and alternative strategic measures by the federal government and the Bundesländer
- Establishment of an energy efficiency fund (financed through compensation payments)

## Energy Efficiency Act – key points (2)

- **household quota**, with the new obligation of a mandatory energy efficiency contribution to be paid for beneficiary households. This contribution has to be used within the framework of the energy efficiency fund to support measures for low-income households.
- In the future, a dedicated authority (E-Control), will **ensure greater legal certainty**, following a demand noted in the evaluation process. It replaces the Energy Efficiency Monitoring Agency (which does not have legal authority competences).

## Heating: Facts and figures



Nutzenergieanalyse 2020 Statistik Austria

- **20% energy** for heating, cooling and hot water production of private households
- **16% of GHG gases** according to Climate Change Act
- Buildings: about 8 million metric tons of CO<sub>2</sub> equivalents
- Down 35% in 1990 and 2017
- But increasing again for the last three years
- Around **600.000 oil heating systems**
- More than **900.000 gas heating systems**
- **260.000 low-income households** heat with fossil fuels



# Status Quo

## EU- and internationale framework

- Paris-Agreement 2015
- -55% GHG emissions by 2030 compared to 1990 levels
- Renovation wave

## Governmental program

In close cooperation with the federal states, the federal government is developing an Austrian heating strategy with the goal of decarbonizing the heating market.

## Decision between federal and state governments

**„ Joint development of an Austrian heating strategy between the federal government and the federal states with the goal of decarbonizing the heat supply for buildings“**

## Key points heating strategy

### Goals:

- Renewable heat supply through gradual phase-out of fossil energy
- Expansion and decarbonization of district heating systems in urban areas
- Benchmarks for further reduction of energy consumption
  - Thermal-energetic renovation
  - Efficient use of energy for space heating and hot water
  - Establishment of cooling without or, where not passively solvable, with low energy demand

## Key points heating strategy

### Instruments:

- Regulatory measures at federal and state level
  - **Renewable-Heat-Act**
- Subsidy programs, in particular to compensate for cases of social hardship
  - coordinated between federal and state governments
  - Renovation offensive: EUR 1.14 billion for 2023 to 2025
  - "Clean heating for all": additional EUR 190 million for 2023 to 2025 for low-income households
- Fiscal measures (CO2 pricing)
- Supporting spatial planning instruments (energy spatial planning)
- Accompanying programs

## Process structure heating strategy

**Political steering committee (PSG):** political (final) decision



**Heat Coordination Team (WKT):** submits work of working groups to PSG, gives assignments to working groups.

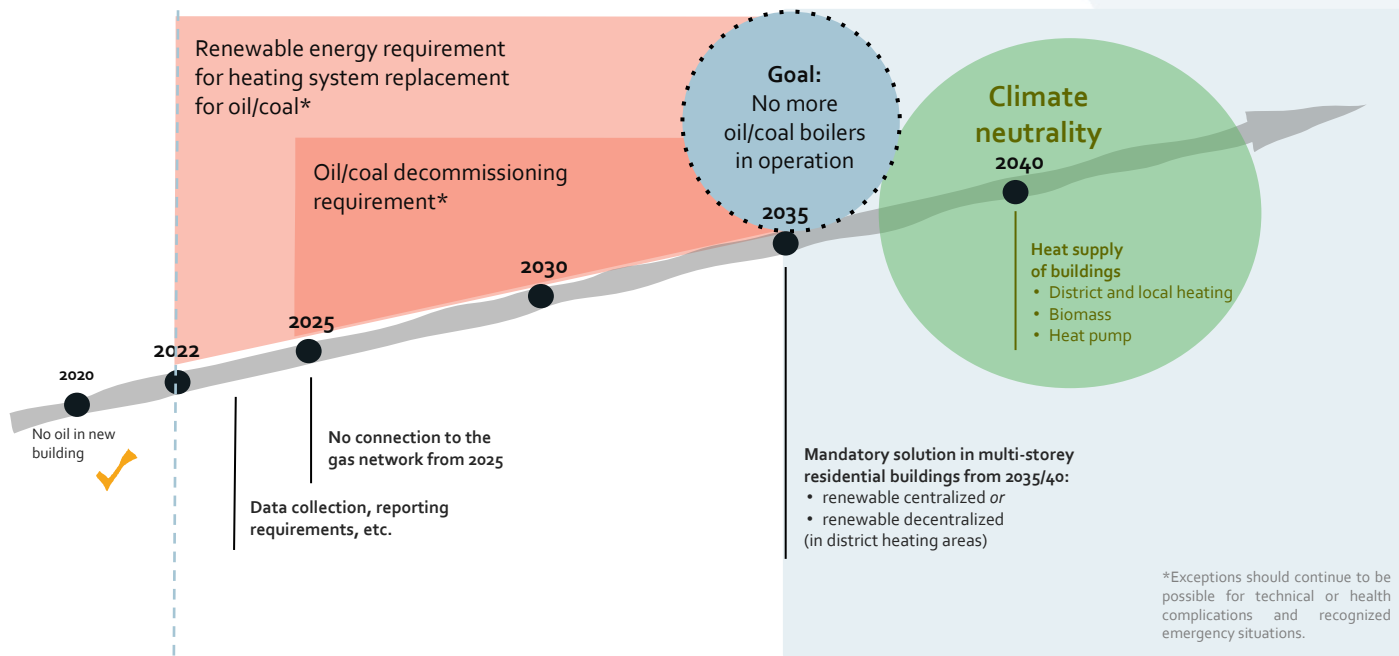


**8 Working groups:** Technical Aspects, Information/Data Compilation, Social Compensation, Law, Contracting, District Heating, Gas in Space Heating, Incentive and Support Structure

## Key points Renewable-Heat-Act

- **Gradual phase-out of fossil energy**
  - for solid and liquid fossil heating systems by 2035
  - for gaseous fossil heating systems by 2040
- **No fossil energy in new construction**
  - for fossil solid and liquid heating systems since 2021
  - for fossil gaseous no connections in new construction as of 202x
- **Phase-out of fossil in existing buildings**
  - Renewable energy requirement when replacing heating systems
  - Decommissioning requirement for old heating systems
  - Obligation to convert decentralized fossil heating systems to centralized or decentralized heating systems (multi-storey residential buildings)
- **Information on installation/exchange of heating systems required**
  - Obligation to report/notify the installation of new heating systems
  - Data collection on fossil-fuelled systems in existing buildings

# Renewable-Heat-Act



# Thank you for your attention