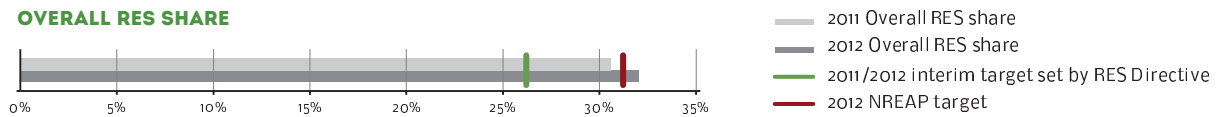




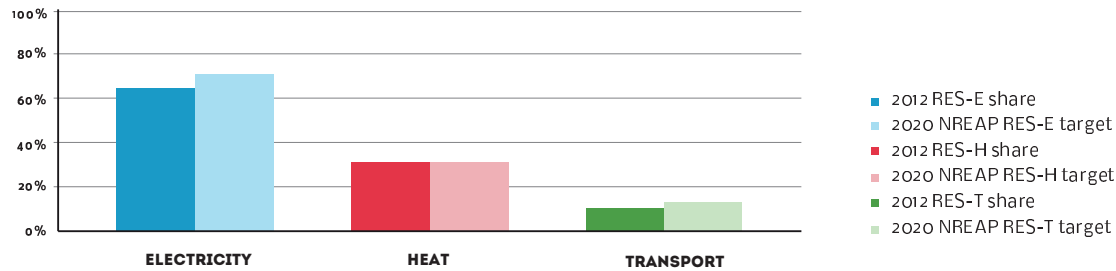
Is Austria ON TRACK?

- Austria has achieved both its NREAP 2012 target and the interim target 2011/2012.
- The growth rate in the RES-E share needs to accelerate to achieve the 2020 target. The RES-H&C sector in Austria developed well during the last few years, but still efforts to support the RES-H&C sector should be taken into account.

OVERALL RES SHARE

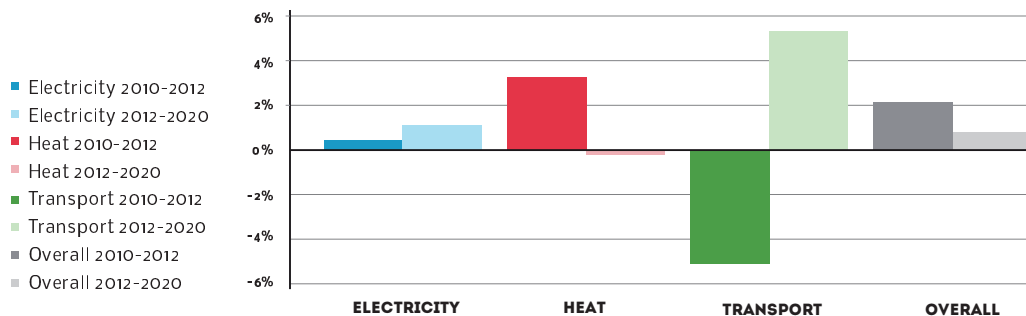


2012 RES SHARE COMPARED TO 2020 TARGET SHARE IN CORRESPONDING SECTORAL GROSS FINAL ENERGY DEMAND



	ELECTRICITY	HEAT	TRANSPORT	TOTAL
2012 actual share of RES in sectoral gross final energy demand	65.5%	32.8%	7.7%	32.1%
2012 NREAP target	74.1%	30.4%	7.1%	31.6%
2011/2012 interim target set by RES Directive	-	-	-	25.4%

AVERAGE ANNUAL GROWTH RATES OF RES SHARES FROM 2010 TO 2012 COMPARED TO GROWTH RATES REQUIRED FROM 2012 TO 2020





BARRIERS to RES deployment

ELECTRICITY

BARRIER	DESCRIPTION
NEW EU STATE AID GUIDELINES	Since the announcement of new state aid guidelines, many potential investors fear less stable conditions. In case the guidelines are implemented as announced, investments will drop to a much lower level.
UNAMBITIOUS 2030 TARGETS	If the EU agrees on a renewables target of 27%, this will lead to fewer efforts at the national level to increase the share of renewable energy.
LOW ELECTRICITY PRICES	The current extremely low electricity prices discourage potential investors from investing in new renewable capacity or in renovating existing capacity. Apart from that, they increase the costs of the feed-in-tariff system.

HEAT

BARRIER	DESCRIPTION
LACK OF FUNDS	Since many years, the annual subsidy budget for house renovation amounts to 100 million €, whereas estimations say that at least 300 million € per year would be needed.
COMPETITION FOR ROOF SURFACE	Since a few years, there is a competition for roof surface between PV and solar thermal collectors. Currently PV is winning and collectors are losing.
COMPETITION FROM HEAT PUMPS	Currently, heat pumps offer cheaper heat than biomass or solar heating systems. Despite the disadvantage of the electricity demand and the origin of the electricity, house owners often choose a heat pump as heating system.

TRANSPORT

BARRIER	DESCRIPTION
TOO SLOW TRANSITION FROM ROAD TO RAIL TRANSPORT	Public rail transport is becoming increasingly popular, but investments in commuter railroads and trains are lagging behind. This slows down the transition towards a renewable energy transport system (trains use 95% renewable power).
INCENTIVES FOR E-VEHICLES NOT EFFECTIVE ENOUGH	There is a lot of discussion about E-mobility but not many electric cars. This is due to the cars being too expensive. However, other countries show that tax incentives are an effective way to make E-cars (or plug-in hybrids) more attractive.
REDUCED BIOFUEL TARGETS	After strong pressure from environmental groups and after the EU lowered its targets, Austria reduced its biofuel target from 10 to 6.75%.

KEY TRENDS IN THE RES SECTOR

- There is a general support for RES, partly driven by the refusal of nuclear power. The RES industry is steadily growing. However, there is a strong pressure from the energy-intensive industry to reduce climate and energy ambitions, claiming that energy costs force them to reduce investments. It is crucial to keep a strong EU climate and energy policy, including an ambitious RES target.
- A new FIT system is in place since 2012. This led to strong investments in RES electricity and a growing share of renewable electricity. However, PV investments would profit from a more stable support scheme with higher subsidies in the short term.
- In recent years, there have been positive developments in the renewable heat sector, both in district heating and in buildings. This is due to the RES support for heat, to high oil prices, and to Austria's will to be independent from fossil fuels. The Austrian biomass industry has become a global player.
- RES in transport are supported through biofuel targets, through investments in railways and policies to change the modal split. Biofuels contribute approximately 6.75% to the total fuel demand. 93% of the railway electricity demand is renewable.

POLICY RECOMMENDATIONS



ELECTRICITY SECTOR

- Do not change the current FIT system - it is working. Thanks to the FIT system, we are experiencing a steady increase of the renewable electricity share at costs that are widely seen as acceptable.
- Set a binding 100% target for the share of RES-E for 2020.
- Remove direct and indirect subsidies for nuclear and fossil fuels.
- Introduce a carbon tax of 30€ per ton with annual increases of 5€/t until reaching a value of 60 €/t. Use the revenues to support renewable energy and energy efficiency.



HEATING AND COOLING SECTOR

- Introduce a carbon tax of 30€ per ton with annual increases of 5€/t until reaching a value of 60 €/t. Use the revenues to support renewable energy and energy efficiency.
- Ban the installation of oil heating systems in new buildings in 2015 and in existing houses in 2016.
- Increase the tax for heating oil. Use the revenues to replace old heating systems depending on fossil fuels with modern renewable energy systems.
- Increase the financial support for thermal insulation to at least 300 Million € annually.



TRANSPORT SECTOR

- Support EU policies for more efficient cars: 80g CO₂ per km in 2020 and 60g CO₂ per km in 2025.
- Change the car tax system to support e-mobility by lowering taxes for electric vehicles and increasing taxes for heavy combustion engine cars (NoVA tax12).
- Link the tax support for e-mobility with the use of renewable electricity (through guarantees of origin).



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