



AUSTRIA



KEY TRENDS IN THE RES SECTOR

Historically, Austria places high importance on the use of renewable energy (RE) and elaborates ideas for its continuous development. Overall, the share of RE in the different sectors is growing, but nevertheless last year's developments gave rise to concerns. The introduction of the Austrian Energieeffizienzgesetz (law on energy efficiency) has a mandatory target for the reduction of energy demand, which is a good step, but chose a very complicated regulative approach instead of a much easier eco tax reform. Low market prices, generally for electricity and also for fossil energy products, currently pose a severe threat to all sectors of the RE industry

The Austrian FiT system is characterized by a series of ups and downs. With its first introduction in 2002, it provided great impulses to the renewable energy industry. A later revision in 2006 resulted in a downturn and decrease of installations. In the aftermath of Fukushima, a new FiT was introduced leading to new investments in renewable electricity and a growing share of renewable power: 67% of electric energy were produced from renewable energy in 2013. Nevertheless, the current European Union initiatives concerning the state aid guidelines put pressure on the

existing FiT system, and adaptations are hardly possible, which will cause more and more problems.

Even though the renewable heat sector in Austria has seen some positive developments, market distortions were observed in the last few years. Some problems are related to the low prices of fossil fuels like heating oil. Along with that, two mild winters in a row led to a drop in sales of renewable heating systems. The solar-thermal industry is currently confronted with market difficulties, and new concepts for applying the technology have to be found, with less focus on household hot water appliances and more focus on solar heating systems - for houses as well as for district heating, especially in urban areas.

The total renewable energy share in the transport sector was 7.3% of final energy consumption in 2013. For example, the obligatory percentage of biofuel in the fuel mix is 5.75% in Austria, and the share of renewable electricity in the railway transport is approx. 93%, mainly delivered from large hydropower. Positive incentives for a higher RES-T share would be investments in the public transport sector and a shift in the modal split.

POLICY RECOMMENDATIONS



ELECTRICITY SECTOR

Continue the FIT system: the FIT system in Austria is working and leading to a steady RES-E development at costs that are widely seen as acceptable. Solutions how to deal with the state aid guidelines are necessary for a clear and structured market design.

Eliminate market distortions on the power imbalance market. The imbalance market prices in Austria are unnecessarily high in comparison to neighboring countries.

Set a binding renewable energy target of 100% RES-E for 2020.

Introduce of a carbon tax of 30€/a with an annual increase of 5€/a until reaching a value of 60€/a.

Introduce a carbon floor price of 50€/t for power generation.

Remove direct and indirect subsidies for nuclear energy and fossil fuels.



HEATING AND COOLING SECTOR

Introduce a carbon tax of 30€ with an annual increase of 5€/a until reaching a value of 60€/a as described for the RES-E sector.

Change the legislation on the rental of houses and apartments to facilitate investments in thermal insulation and RE heat sources.

Ban the installation of oil-fueled heating systems in new buildings.

Increase the tax on heating oil and use the revenue to replace old heating systems with modern renewable energy systems.

Set clear incentives for solar thermal energy development in urban areas.



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 electrical vehicles and increasing taxes for heavy combustion engine cars (NoVA tax) .

Link the tax support for e-mobility with the use of renewable electricity (through guarantees of origin).

Introduce an incentive system such as a city toll or a congestion charge to avoid that e-mobility is used in urban traffic and competes with public transport.

Shift railway investments from large tunnel projects to commuter traffic projects in order to shift the modal split from car to train.

Stabilize the use of biofuels at the current level.



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