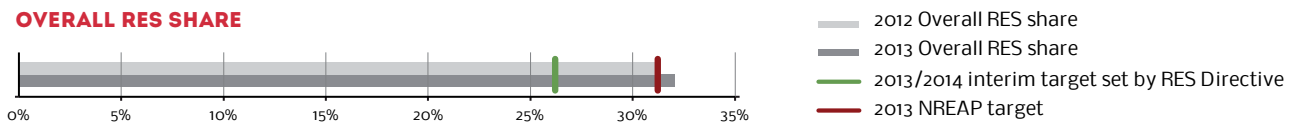




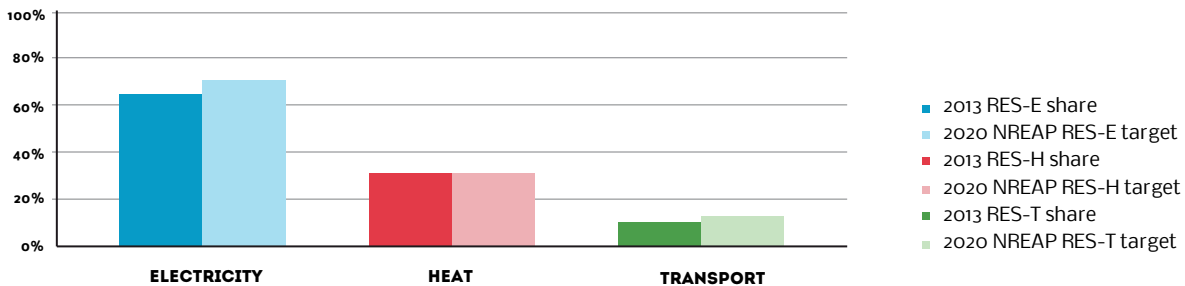
IS AUSTRIA on track?

- Austria has achieved both its 2013 NREAP target and the interim target 2013/14.
- Growth rates in RES-E and RES-H&C were high enough to achieve the 2020 target if maintained. However, RES-T growth rates have to be increased to achieve the 2020 target.

OVERALL RES SHARE

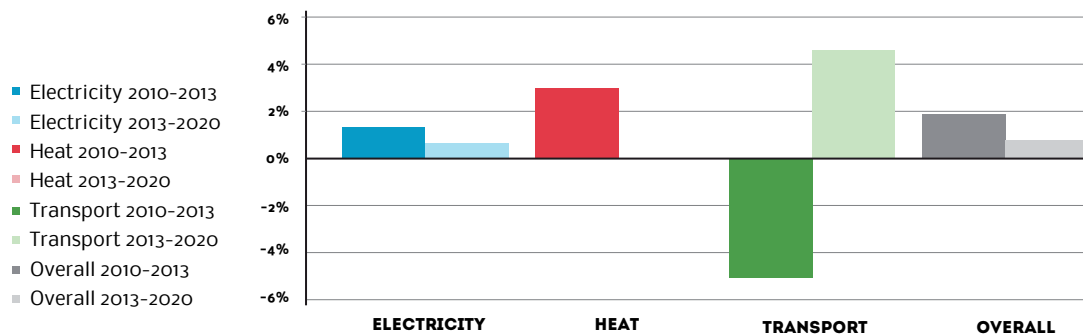


2013 RES SHARE COMPARED TO 2020 TARGET SHARE IN CORRESPONDING SECTORAL GROSS FINAL ENERGY DEMAND



	ELECTRICITY	HEAT	TRANSPORT	TOTAL
2013 actual share of RES in sectoral gross final energy demand	68.1%	33.5%	7.5%	32.6%
2013 NREAP target	74.2%	30.6%	7.3%	31.8%
2013/2014 interim target set by RES Directive	-	-	-	27.3%

AVERAGE ANNUAL GROWTH RATES OF RES SHARES FROM 2010 TO 2013 COMPARED TO GROWTH RATES REQUIRED FROM 2013 TO 2020





BARRIERS to RES deployment

ELECTRICITY

BARRIER	DESCRIPTION
UNCERTAINTY AS RESULT OF NEW STATE AID GUIDELINES	The decision of the EU commission to change the state aid guidelines means that sooner or later Austria will have to revise its eco-electricity law. It is becoming clear now that conditions will be less favourable, which already leads to uncertainty among investors.
UNAMBITIOUS 2030 TARGETS	The targets agreed by the EU council are very low, which means that investments in renewable energy may drop to approximately half of current investment level.
LOW ELECTRICITY PRICES	The current extremely low electricity prices are a serious threat to generating plants without feed-in tariff, discourage investors, and increase the costs of the feed-in-tariff system.

HEAT

BARRIER	DESCRIPTION
LOW OIL PRICES	Even if renewable heat is still cheaper than fossil heat, the current low oil prices slow down the replacement ratio of old oil heating systems by modern renewable heating systems.
COMPETITION FROM HEAT PUMPS	Due to low investment costs, heat pumps are becoming increasingly popular. This leads to a higher electricity demand just during winter, with low renewable power generation.
WEAK RENOVATION INCENTIVES	Since many years, investments in saving heating energy are much too low, leading to a thermal renovation ratio less than 1%. Due to low oil and CO ₂ prices, current subsidies are as incentive to weak to increase the ratio to the needed 3%.

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-MOBILITY NOT STRONG ENOUGH	There is a lot of discussion about E-mobility but not many electric cars. This is due to the cars still being too expensive. However, other countries show that tax incentives are an effective way to make E-cars (or plug-in hybrids) more attractive.
LOW BIOFUEL TARGETS	Austria reduced its biofuel target from 10% to 6.75%, after a change in the EU policy. However, overall fuel demand is falling, leading to lower absolute amounts of biofuel, whereas production could be increased when environmental aspects are considered.

KEY TRENDS IN THE RES SECTOR

- Overall, the share of RE in the different sectors is growing, but nevertheless developments in 2014 gave rise to concerns. The introduction of the Austrian Energieeffizienzgesetz (law on energy efficiency) provides new impulses to the industry, even though the law itself lacks ambitious targets.
- The European Union initiatives concerning the state aid guidelines put pressure on the existing RES-E FIT system. A clear and structured market design with appropriate

incentives is needed to keep Austria on track in terms of RES-E development.

- Concerning RES-H, a carbon tax and cost internalization would have a direct impact on the market situation.
- Positive incentives for a higher RE share in the transport sector would be investments in the public transport 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.
- Eliminate market distortions on the power imbalance market.
- Set a binding renewable energy target of 100% RES-E for 2020.
- Introduce 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 Euro/T CO₂ for the power sector.

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



HEATING AND COOLING SECTOR

- Introduce of a carbon tax of 30€ with an annual increase of 5€/a until reaching a value of 60€/a
- Change the legislation on the rental of houses and apartments to facilitate investments in thermal insulation and RE heating sources.
- Ban the installation of oil-fueled heating systems (new buildings by 2015, existing buildings by 2016).
- Increase the tax on heating oil and use the revenue to replace old heating systems with modern renewable energy systems.
- Provide 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)³.
- 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.
- Maintain the current volume of biofuel use, but consider a gradual increase of the share with falling vehicle fuel demand.



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