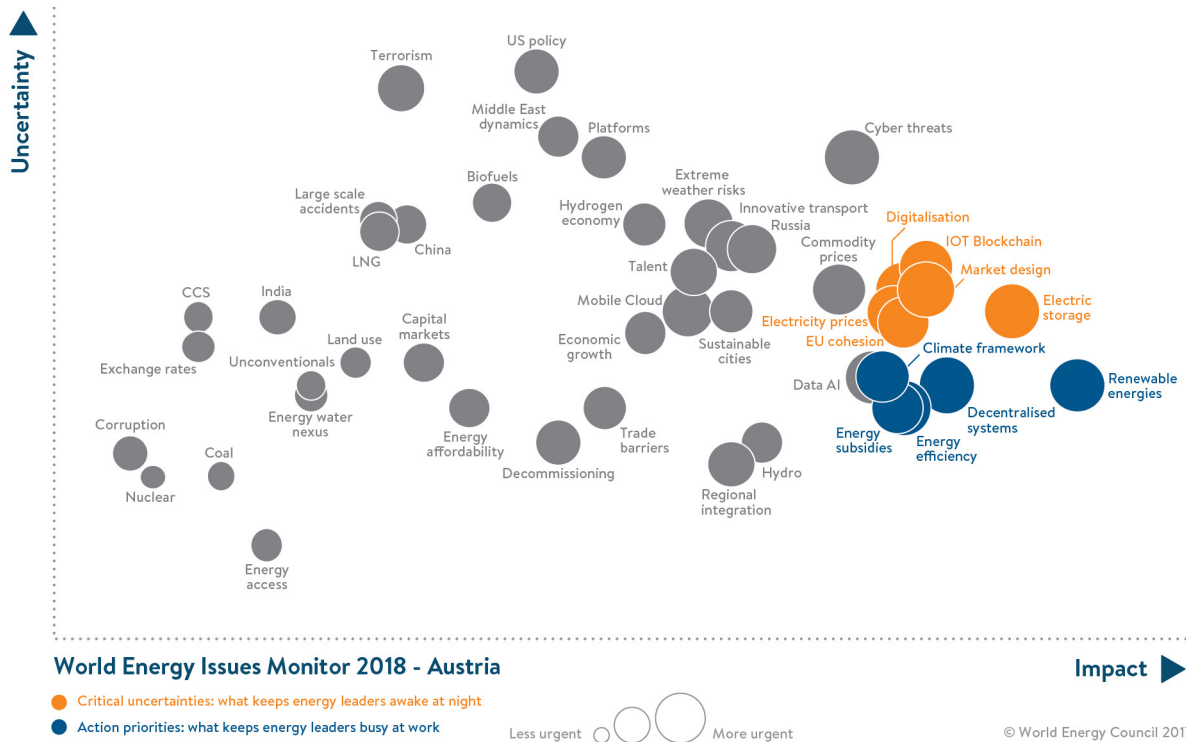


AUSTRIA



NATIONAL OVERVIEW AND CONTEXT

The energy mix in Austria is dominated by fossil fuels accounting for 66% of total supply. Oil is the largest source of energy at 36% of TPES, followed by natural gas at 21% and coal at 9%. Renewable energy and waste account for 32% of total supply. Around 40% of Austria’s energy needs are produced locally and the country relies on energy imports to satisfy its energy demand.

» Austria is already close to achieving its 2020 renewable energy target of 34% (in 2016, 33.5% of its final energy consumption came from renewables). Austria is at risk of missing its 2020 target for energy efficiency. The GHG-emission target will be missed without further efforts.

KEY ISSUES FROM THE NATIONAL MONITOR

Market design is a critical uncertainty for Austria, because of the ongoing decoupling of the power lines between Austria and Germany. The two countries have had a common bidding zone since 2001. The EU regulatory authority ACER decreed in November 2016 that the integrated electricity market comprising Austria, Germany and Luxembourg must be split. The power lines between Austria and Germany cannot handle the volume of electricity being traded across the border, ACER said.

After Austria had unsuccessfully contested this opinion at the European courts, the regulatory authorities for energy of Germany and Austria came to an agreement in May 2017, and the common price zone will be split up in October 2018. In the electricity market, the German-Austrian power

AUSTRIA

price zone split was the dominant theme of the past year and poses a critical uncertainty for the near future, explaining the critical uncertainty of **electricity prices**. There is certainty over some free cross-border electricity trade, with 4,900 MW long-term cross-border capacity available without prior capacity booking.

Austria is actively progressing with implementing policies and targets associated with the climate framework, energy efficiency, and renewable energies, which is illustrated by the ongoing clustering around these issues in the Monitor map. Energy policy developments in Austria and targets for 2020 are compatible and in line with EU policy, including: an increase of the share of energy consumption produced from renewable resources to 34% by 2020; reducing greenhouse gas emissions by 16% from 2005 levels for sectors not included in the EU Emissions Trading Scheme (EU ETS) and 21% from 2005 levels for sectors included in EU-ETS; and a 20% improvement in energy efficiency by 2020.

Renewable energy is an action priority in the Issue Monitor, because the Austrian government is working on amendments and a new energy strategy that may include a carbon budget, higher renewable energy targets and national benchmarks.

In February 2017, the European Commission requested that Austria correctly implement and apply the Electricity Directive (Directive 2009/72/EC) and the Gas Directive (Directive 2009/73/EC). The Directives are part of the Third Energy Package and contain key provisions for a proper functioning of energy markets, including rules on unbundling of transmission system operators from energy suppliers and producers. Austria has incorrectly transposed several unbundling requirements concerning the independent transmission operator unbundling model and has not fully respected rules concerning the powers of the national regulatory authority. The revised implementation of these policies is another impactful activity pursued by energy leaders in Austria.

CONCLUSION

The Austrian government unveiled its new energy and climate strategy on April 3rd, 2018. The paper called “#mission2030” is to help Austria reach the EU climate goals. The Austrian government is aiming for all electricity to come from renewable sources by 2030 (the current figure is 73%) and for a fully decarbonised energy sector by 2050. Overall, the Austrian Issues Monitor is influenced by the debate on an integrated energy and climate strategy and the discussion on the separation of the German-Austrian electricity market.