



EUROPE AUSTRIA

The COVID 19 crisis led to a historic GDP slump in Austria in 2020 (-6.7%). However, an economic recovery already began in the second half of 2020, and in the course of 2022 economic output is expected to return to pre-crisis levels.

However, a possible renewed flare-up of the pandemic, for example by the omicron variant of the SARS-CoV-2 virus, could jeopardise the economic recovery. Above all, the current energy price crisis could slow down the recovery from the COVID pandemic. The prices of gas, coal, oil and CO₂ emission allowances have risen steeply recently. In response to rising energy prices in Europe, Austria wants to accelerate the switch to renewable energies and push ahead with measures to increase energy efficiency.

The framework conditions for the transformation of the Austrian energy system towards - viewed over the year - 100% electricity from renewable sources were created with the Renewable Energy Expansion Act (EAG) passed by the Austrian Parliament in summer 2021.

In addition, a CO₂ tax was decided in order to achieve the emission reduction targets in the sectors not covered by the EU Emissions Trading System (non-ETS sectors).

The work on a Renewable Energies Heat Act, the legal basis for the decarbonisation of the Austrian heating sector, has not yet been completed. In addition, the amendments to the Federal Energy Efficiency and Climate Protection Act are still pending. The laws and legislative amendments are expected in 2022.

The current energy price crisis as well as the climate and energy legal framework geared to the increased ambitions in climate protection are the defining issues that preoccupy energy leaders in Austria. They therefore rank the expansion of **renewable energies** and a greater **energy efficiency** among the top priorities for action. In addition, there are the challenges of the Energy Trilemma that arise from a forced expansion of renewables.

Energy system transformation must go hand in hand with a digital transformation. Austria's energy leaders see **digitalisation** as a crucial enabler for energy transition, since a decentralised energy supply based on fluctuating renewable energy generation is becoming increasingly complex. In addition, digital technologies offer great potential for leveraging new, previously unused efficiency potential.

In the context of the energy transition, the mobility sector in particular also has a key role to play. Without a mobility transition, the energy transition and the achievement of the climate goals will not be possible. In this context, **innovative transport** solutions – e.g. mobility offers that enable multimodal transport behaviour – are considered essential to accelerate the reduction of transport-related emissions in Austria.

In any case, enormous investments in transformation technologies are required. In this context, a favourable **investor climate** is essential for mobilising necessary investments for energy respectively mobility transition.

The goals of the energy transition are clearly defined, but there are still many challenges and uncertainties in practical implementation.

Thus, framework conditions must be created in **market and regulatory design** that support the expansion of renewables and efficiently organise the interaction of the system elements.

The digital transformation, in turn, can only be truly successful if **cyber security** is taken into account from the outset and uncertainties are reduced in good time.

Commodity prices and the associated volatility are another uncertainty on the Austria's energy agenda. The importance of the issue is reinforced by the sharp rise in energy prices.

High uncertainty is also perceived with reference to the **climate change management**. While the scientific knowledge base on the dimensions and dynamics of climate change is continuously growing and the causes and driving forces are generally well understood, climate change management is a complex challenge. Interdisciplinary knowledge is needed to develop mitigation and adaptation strategies for land use and nature conservation management.

A secure, green and at the same time cost-efficient energy system will not succeed without the integration of energy storage. However, the timely availability of sufficient energy storage is also seen as uncertain.

TESTING PERSPECTIVES WITH THE WEC AUSTRIA MEMBER COMMUNITY

The results of the World Energy Issues Survey were discussed with WEC Austria members at the end of January 2022. During the discussion, the key findings regarding Action Priorities and Critical Uncertainties were confirmed and the following three theses were highlighted:

1. The current energy price crisis reinforces the importance of the sustainable energy transition

WEC Austria members confirm that only the transition to a zero-carbon energy system is the only real way to reduce greenhouse gas emissions and to limit future energy price increases.

2. Existing energy infrastructure is key enabler for the energy transition

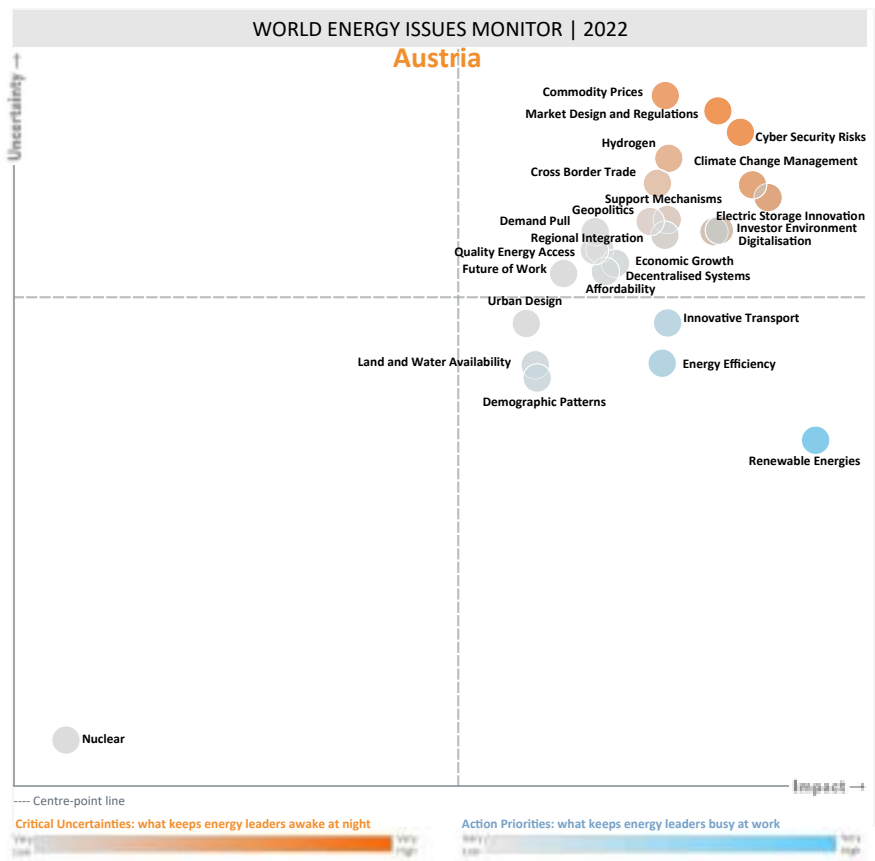
Only through a massive expansion of renewable energies in combination with sector coupling and a new market and regulatory design can Austria solve the problems on the energy market, advance climate protection and make Austria sustainable as production site. In addition, offensives for the energy transition in the heating market and the transport sector should be launched in order to use the existing technologies across the board, according to the discussion participants.

3. The energy transition can only be successful if citizens are involved

Austria has an excellently developed gas and district heating network that is neither fossil nor renewable, but independent of energy sources. The only decisive factor is which energy is transported. The gas grid can also transport green molecules, and the heating grid can also transport energy produced by biomass, geothermal or solar energy, for example.

Even though most people are aware that the expansion of wind power plants, storage facilities and grid capacities, for example, is crucial for the energy transition, there is often local resistance when it comes to implementing specific projects. This attitude can be described as: "Energy transition? Yes, of course! But not in my backyard."

For a better acceptance of any infrastructure - which is necessary for the energy systems of the future - active information about the interdependencies within and the requirements for future energy system, transparent planning of infrastructure projects and the earliest possible involvement citizens are all indispensable.



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