

Austrian Energy Policy

Updates from the ministry

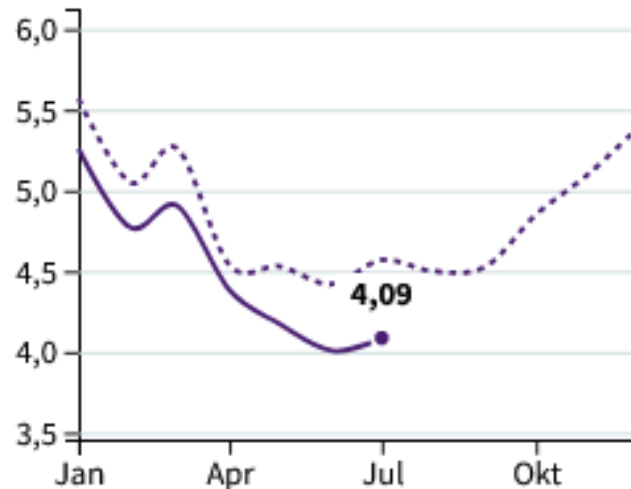
Jasper Geipel
BMK, Abt. VI/2a – Energiemarkt & Statistik
Vienna, 28.09 2023 – Austrian Energy Day 2023

Will the energy transition be thrown off course?

1. Not if we respect that the underlying problem is scarcity

Electricity consumption in TWh
2023 vs five year average

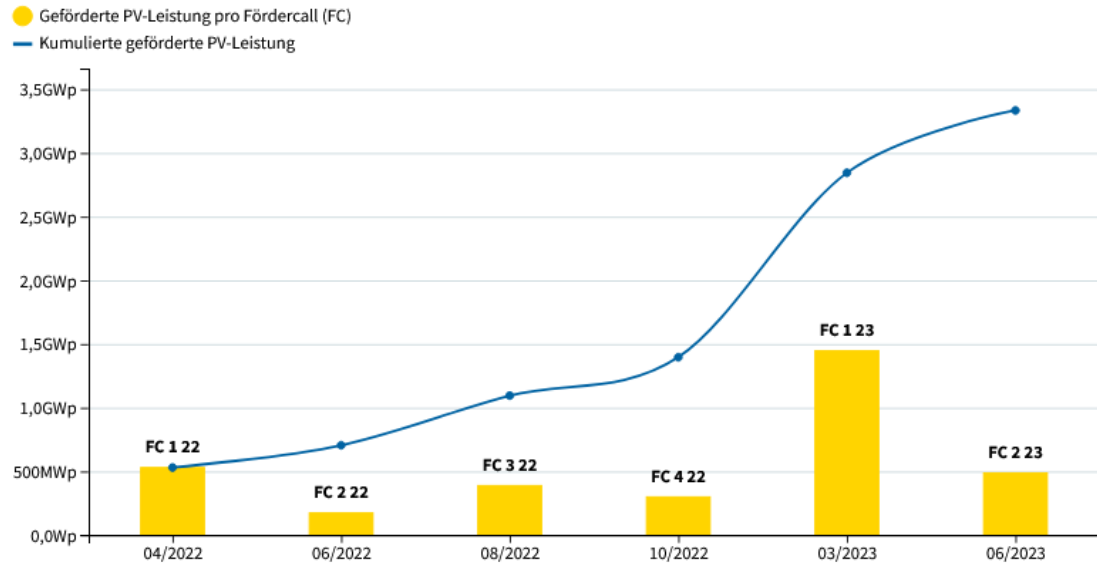
<https://energie.gv.at>



Will the energy transition be thrown off course?

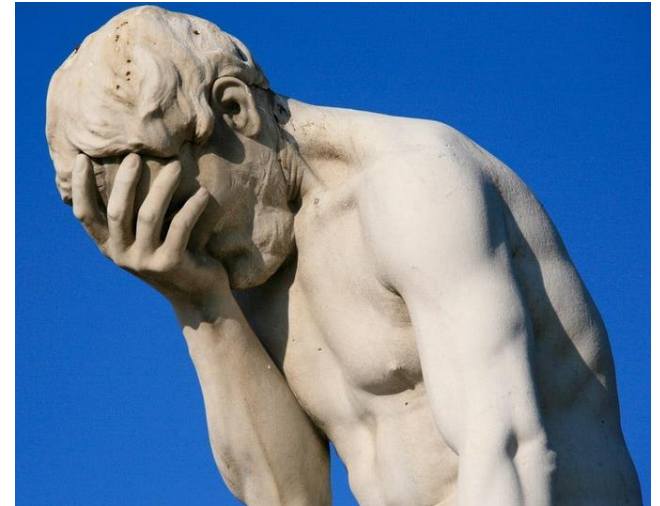
2. Not if we seriously start to build renewables.

*„Cheapest source of
electricity in
history“, WEO 2020,
IEA*



Will the energy transition be thrown off course?

1. Not if we respect that the underlying problem is scarcity
2. Not if we seriously start to build renewables.
3. Not if we avoid making stupid mistakes



Climate crisis & AT targets



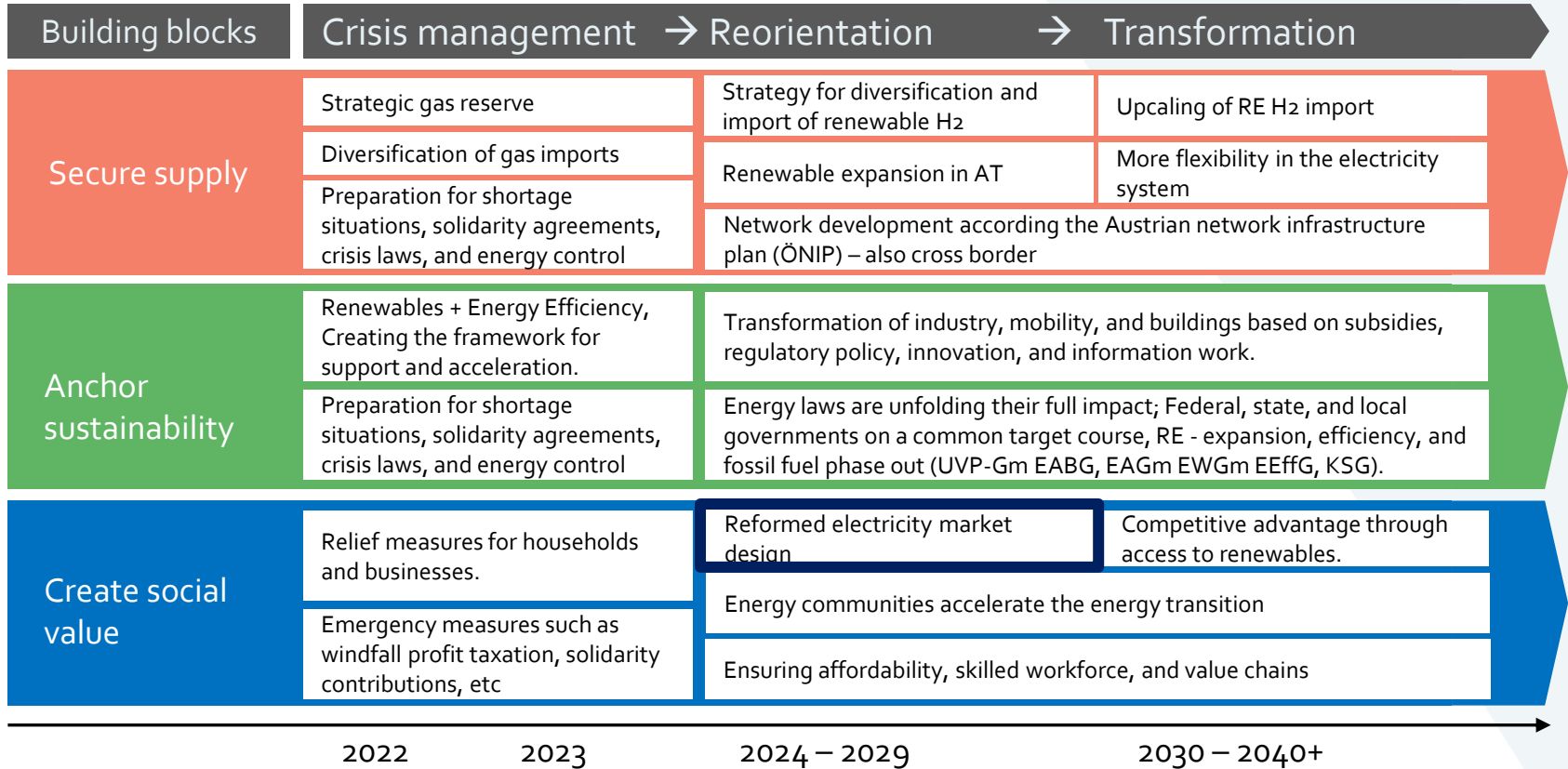
Targets:

- 2030: 100 % renewable electricity
- 2040: climate neutrality
- consideration of ecological criteria



Speeding up the energy transition

BMK strategic framework for the energy transition



AED22 wishlist to policy makers

“dont touch the markets“

... to preserve incentives

“speeding up the discussion on the common market“

... to provide certainty for market participants

„while taking time to think it through“

Electricity Market Design I

Revolution?

Von der Leyen (SOTEU, September 2022): *„The current electricity market design –based on merit order –is not doing justice to consumers anymore. [...] So, we have to decouple the dominant influence of gas on the price of electricity. This is why we will do a deep and comprehensive reform of the electricity market.“*

Reform!

- Price mechanism of short-term markets “untouched”
- Long-term contracts with producers (CfD, PPA) and consumers to protect against price volatility

Electricity Market Design II

Organisation of short term markets

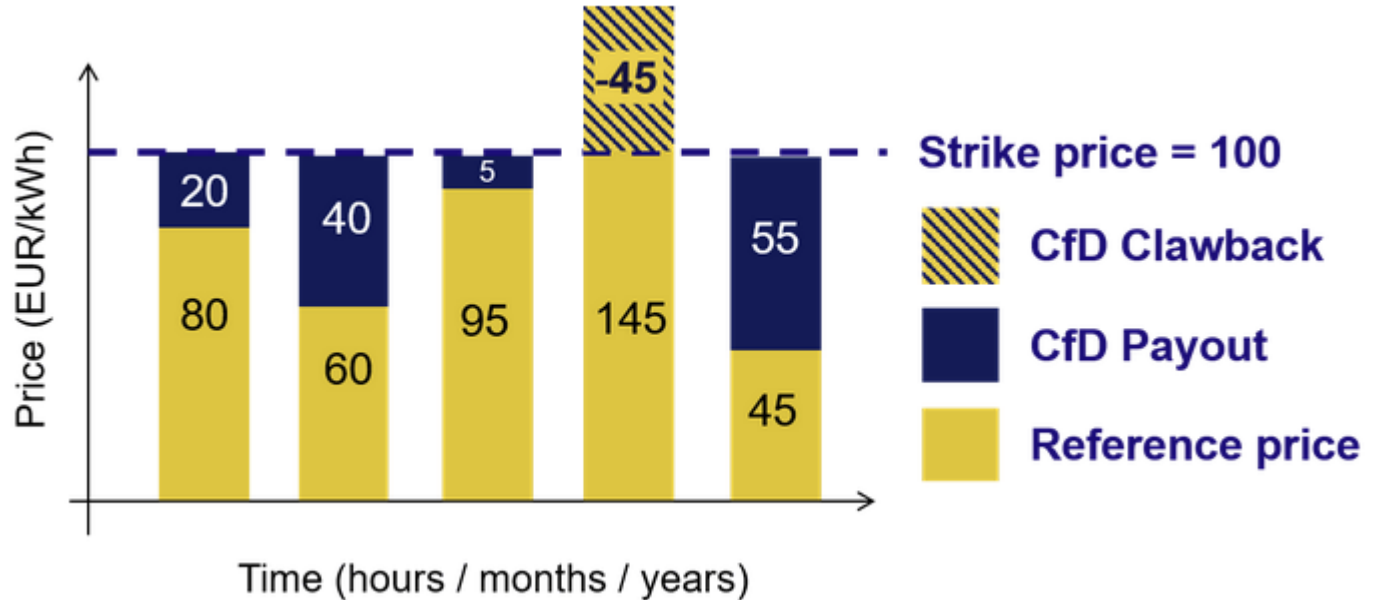
- Electricity as special commodity
- Critical for efficient incentives.
- "Excessive" inframarginal rents only temporary

Core Elements

- Consumer right to fixed or time variable price.
- Facilitating support for flexibility mechanisms
- Streamlining the implementation of capacity markets
- Possibility to declare an Energy Crisis and to regulate retail prices.

Electricity Market Design III

Contracts for Differences



Electricity Market Design IV

Contracts for Differences - Discussion points

- New principle: no support without clawback
- Possible market distortions (Feed – in and forget)
- Negative prices and impact on revenue certainty
- **Level playing field issue due to revenue distribution**

Keep on going



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