

## **Austrian Energy Policy**

## Updates from the ministry

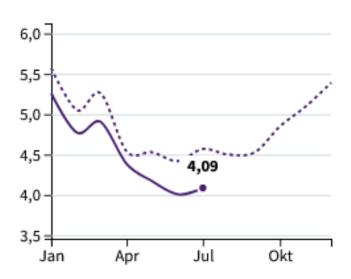
Jasper Geipel BMK, Abt. VI/2a – Energiemarkt & Statistik Vienna, 28.09 2023 – Austrian Energy Day 2023

### 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

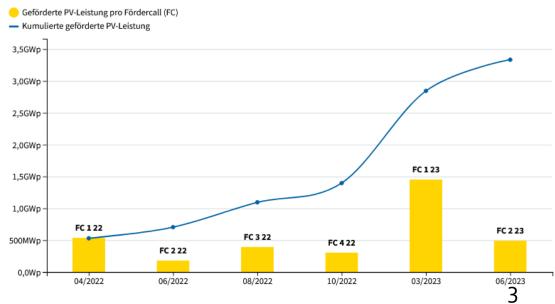
https://energie.gv.at



#### Will the energy transition be thrown off course?

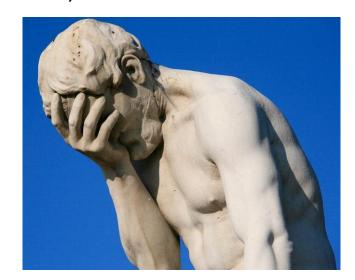
2. Not if we seriously start to build renewables.

"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

Building blocks	Crisis management 🗦	Reorientation $\rightarrow$	Transformation
Secure supply	Strategic gas reserve	Strategy for diversification and import of renewable H2	Upcaling of RE H2 import
	Diversification of gas imports	Renewable expansion in AT	More flexibility in the electricity system
	Preparation for shortage situations, solidarity agreements, crisis laws, and energy control	Network development according the Austrian network infrastructure plan (ÖNIP) – also cross border	
Anchor sustainability	Renewables + Energy Efficiency, Creating the framework for support and acceleration.	Transformation of industry, mobility, and buildings based on subsidies, regulatory policy, innovation, and information work.	
	Preparation for shortage situations, solidarity agreements, crisis laws, and energy control	Energy laws are unfolding their full impact; Federal, state, and local governments on a common target course, RE - expansion, efficiency, and fossil fuel phase out (UVP-Gm EABG, EAGm EWGm EEffG, KSG).	
		Defermed allegativists are allegat	Course this see the set through
Create social value	Relief measures for households and businesses.	Reformed electricity market desian	Competitive advantage through access to renewables.
		Energy communities accelerate the energy transition	
	Emergency measures such as windfall profit taxation, solidarity contributions, etc	57	
		Ensuring affordability, skilled workforce, and value chains	

2030 - 2040+

### 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

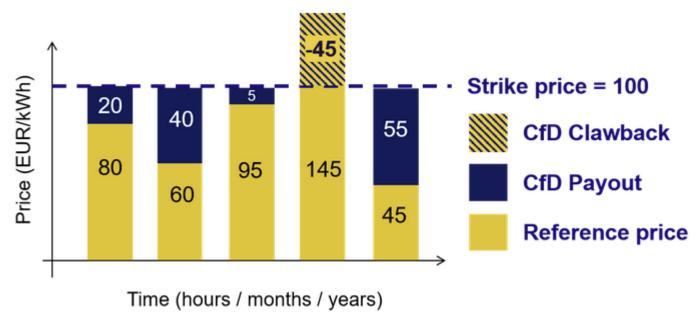
- Electricity as special commodity
- Critical for efficient incentives.
- "Excessive" inframarginal rents only temporary

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**



Jasper Geipel
BMK, Abt. VI/2a – Energiemarkt & Statistik
Jasper.geipel@bmk.gv.at