

## **The Austrian Court of Audit urges expansion of renewable energies**

In Austria, about 27 percent of the total energy consumption is accounted for by heating, cooling and water heating, i.e. the heating sector. This is dominated by fossil fuels. In its report "**Subsidies for district heating and district cooling pipeline construction**", the ACA refers to the increased urgency in expanding renewable energies - especially because of the current energy supply crisis and the international dependencies on natural gas, as well as because of the expected positive environmental factor.

The audit was carried out at the Ministry of Climate Protection and at the processing agency AWISTA GmbH. The period reviewed covered the period from the award of the settlement activity in 2010 to the end of 2020.

### **Reduction of greenhouse gas emissions**

The European Union set itself the strategic goal of reducing greenhouse gas emissions - especially CO<sub>2</sub>. This is to be achieved by replacing fossil fuels with renewable energy sources (decarbonisation), by sustainably reducing energy consumption and by increasing energy efficiency. The switch from fossil fuels to more environmentally friendly heating systems primarily affects households in countries with a high share of oil and natural gas heating, such as Vienna, Lower Austria, Vorarlberg, Tyrol and Burgenland.

### **Strategic decisions are necessary**

The planning, development and construction of district heating pipelines have a long lead time and usually have to be coordinated with urban and settlement development. Household heating systems usually have a useful life of about 20 years. Therefore, investment decisions - by energy supply companies and private individuals - require corresponding planning certainty.

In December 2017, the federal government announced for the first time the development and implementation of an Austrian heating strategy for the "use of renewable heat in the economy, in the public sector and for private households". The auditors critically note in the report that the heating strategy, first announced in December 2017 and repeatedly since then, had not been drawn up by the time of the ACA's audit. Thus, there were no defined implementation stages and milestones for achieving the decarbonisation goals for the area of district heating and district cooling.

The ACA therefore recommends that the Ministry of Climate Protection quickly complete the heating strategy. This should create planning security for all actors active in the heating sector and make it possible to plan the funding requirements of the public sector for the conversion to heat generation from renewable energies.

### **Conversion of individual plants open**

The Austrian Development and Resilience Plan for the period 2020 to 2026 provides for subsidies for the switch from fossil to renewable heating systems and for low-income households. Of about 4 million heating systems in Austrian households, about 900,000 were natural gas heating systems and about 500,000 heating oil and liquid gas heating systems at the time of the audit. Gas heating systems are to be banned in new buildings from 2025 at the latest. However, with regard to the multi-party apartment buildings predominant in urban areas, which are largely heated by gas heating systems, the Construction and Resilience Plan contains neither targets nor support measures for a "green transition" in heat supply. It remains open, for example, how a conversion from individual systems (e.g. gas boilers) to environmentally friendly communal systems (e.g. district heating connection or heat pump) should take place in apartment buildings. Both the connection to district heating and the installation of heat pumps would have to be carried out for the entire building.

### **Release existing subsidies**

The ACA notes that the number of subsidy applications increased steadily over time. By the end of 2020, a total of 269 applications had been submitted. By the end of 2020, AWISTA GmbH concluded 100 funding agreements with a funding volume of around 135 million euros. 169 funding applications with a funding volume of around 102 million euros were on the waiting list. The number of concluded funding contracts showed breaks related to the lack of allocation of funding or the lack of release by the Ministry of Climate Protection.

The auditors criticise that AWISTA GmbH was only able to conclude one funding contract in 2016 and 2017 because the Ministry of Climate Protection did not release the corresponding funds.

In view of the importance of grid expansion for the phase-out of fossil fuels, the Ministry of Climate Protection should release the available funding to ensure continuous processing activities.