

Translation of letter

From: Dr. Reinhold Mitterlehner, Austrian Federal Minister for Economic Affairs, the Family and Youth, Vienna (Ref. Ares(2013)1043603 - 14/05/2013)

Date: 6 May 2013

To: Commissioner Oettinger

Ref.: BMWFJ-552.700/0030-IV/2/2013

Energy Efficiency Progress Report 2013 and setting of an indicative Austrian energy efficiency target

In recent years Austria, as you know, has made energy efficiency the cornerstone of its energy policy. For that reason Austria has also promoted the stepping up of energy efficiency at European level.

Austria supports what are, not least for us, very ambitious targets due to the high initial efficiency level and is doing all it can to achieve them. Let me point out here that in April, as part of its national transposition of the Energy Efficiency Directive (2012/27/EU), Austria submitted to parliament a draft bill on a cohesive package of energy efficiency measures.

Each Member State must now, pursuant to Article 3 of the Directive, set an indicative national energy efficiency target and notify this to the Commission. I must make it clear that the setting of an indicative target in the enclosed report is in no way legally binding on Austria, and that this indicative target in no way implies that Austria would agree to a binding target of the same magnitude. This includes possible evaluations of the targets by the Commission and any subsequent amendments to the Energy Efficiency Directive.

I must also clarify that the Austrian target is a forecast which is dependent to a large extent on the assumed parameters (such as economic and population growth and the implementation of planned measures). Should these parameters change, the Austrian indicative target must also be revised.

The final form of the Energy Efficiency Act which, as already mentioned, is currently being read in Parliament, will have a major influence on the achievable energy savings; for this reason a detailed forecast of the expected savings cannot be carried out until the Act has entered into force.

Encl.

Austrian Energy Efficiency Progress Report 2013

Article 24(1) of the Energy Efficiency Directive 2012/27/EU (EED) states that by 30 April of each year Member States shall report on the progress achieved towards national targets. The content of this report is set out in Annex XIV. Apart from the requirements in Annex XIV Part 1(a), each Member State must also notify its indicative savings target pursuant to Article 3 in the first progress report under the EED.

Each Member State must therefore set its indicative target by the end of April 2013. This target may refer to:

- primary or final energy consumption
- primary or final energy savings or
- energy intensity.

In any case the target must be expressed as primary or final energy consumption in 2020. In defining the target the following must be considered:

- Total energy consumption in the EU must not exceed 1 472 Mtoe (primary) or 1 078 Mtoe (final); up to 2020 this means a 20% reduction compared to the scenario of the 2007 PRIMES model (EU 27; the values will be amended after Croatia joins the EU);
- Already implemented or binding planned energy efficiency measures at national and European level must be considered when setting the target pursuant to Article 3. These also include the EED's binding measures (such as the energy efficiency obligation scheme under Article 7) and measures already implemented under Directive 2006/32/EC.

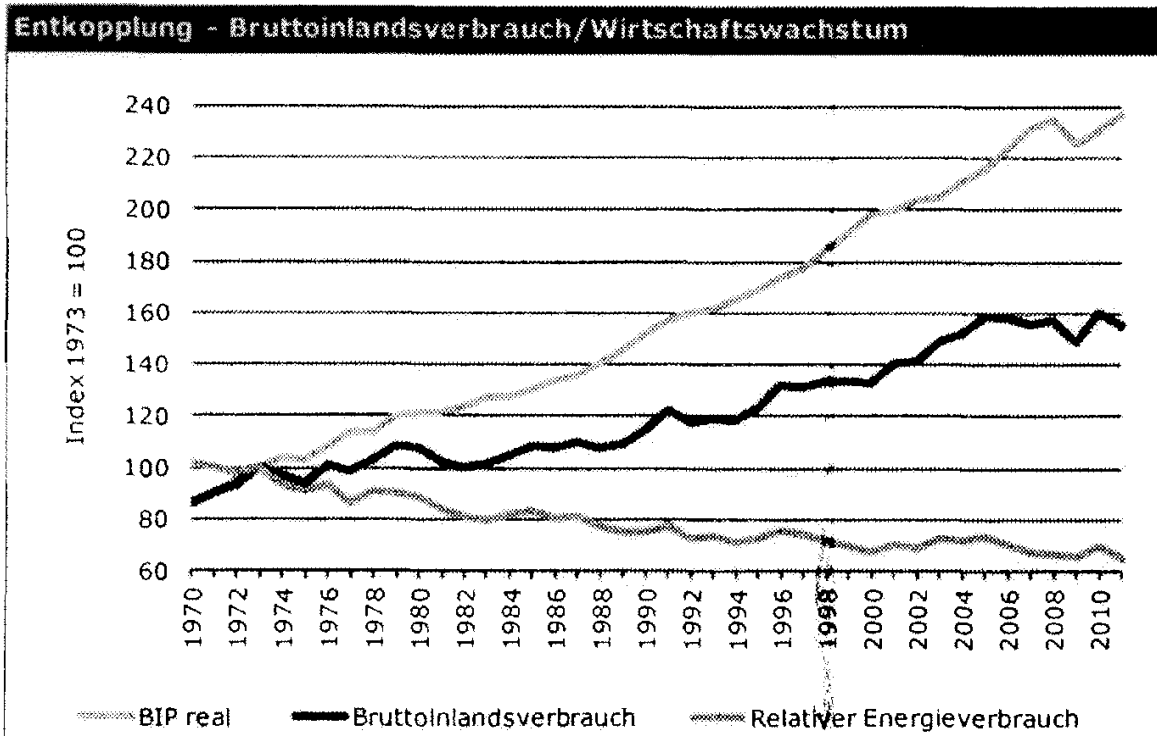
Member States may also take account of GDP forecasts and the remaining cost-effective energy-saving potential.

As the EED states that the target must be notified as an **indicative** energy and primary energy consumption target for 2020, this does not imply, either for Austria or individual bodies, a specific obligation to take action, nor may infringement procedures or financial penalties result from failure to meet this target.

1. Improvements to date in Austria's energy efficiency

In recent decades Austria has made energy efficiency the cornerstone of its energy policy. In this way Austria has succeeded in clearly improving its energy efficiency and in decoupling energy consumption from economic growth. Although Austria's real GDP increased by 138% between 1973 and 2011, gross inland consumption in 2011 had increased by comparatively small amount, i.e. 55.3%, over the 1973 level. This means that the energy intensity or relative energy consumption (i.e. the amount of total energy required to produce a GDP unit) has fallen by 34.4% or over one-third.

Title: Decoupling of gross inland consumption and economic growth



Translator's note: Table cannot be changed. Key to terms below chart:

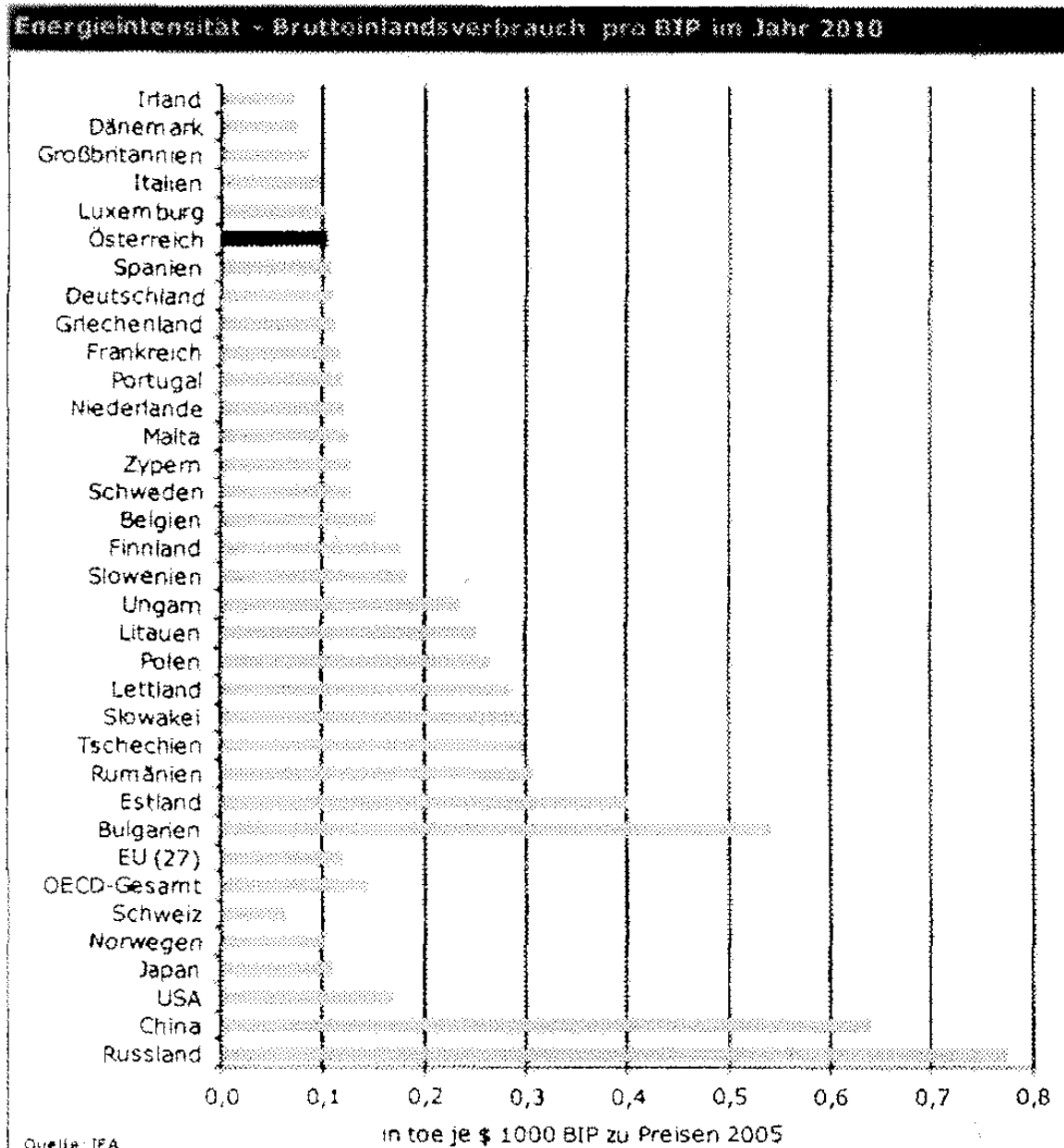
BIP real – Real GDP

Brutto inlandsverbrauch – Gross inland consumption

Relativer Energieverbrauch – Relative energy consumption

In 2010 Austria was in 6th place in the European energy efficiency 'league table', seen in terms of gross inland consumption per GDP unit.

Title: Energy intensity – gross inland consumption per GDP unit 2010



Austria supports what are, not least for us, very ambitious European targets due to the high initial efficiency level and is doing all it can to achieve them.

2. Implementation of the EED in Austria

At the beginning of this month, as part of the national transposition of the EED, a draft bill on a comprehensive energy efficiency package was brought before Parliament. This law is designed to implement far-reaching EED provisions such as the final energy saving obligation scheme under Article 7, the introduction of binding energy audits for enterprises under Article 8 or the obligation to renovate public buildings. The expected savings from this law and the resultant impact on final and primary energy requirements in 2020 depend on how the individual provisions are finally agreed, and for that reason cannot be set out in detail until the law enters into force.

In addition, a process has been initiated with the responsible Austrian bodies aimed at implementing the EED so as to ensure that all its provisions are implemented on time and in a coordinated way.

3. Target pursuant to Article 3

It must be made clear from the start that the setting of an indicative target is in no way legally binding

on Austria, and that the indicative target below in no way implies that Austria would agree to a binding target of the same magnitude. This includes possible evaluations of the targets by the Commission and any subsequent amendments to the Energy Efficiency Directive.

It must also be clarified that the Austrian target is a forecast which is dependent to a large extent on the assumed parameters (such as economic and population growth and the implementation of planned measures). Should these parameters change, the Austrian indicative target must also be revised.

The final form of the Energy Efficiency Act which, as already mentioned, is currently being read in Parliament, will have a major influence on the achievable energy savings; for this reason a detailed forecast of the expected savings cannot be carried out until the Act has entered into force.

Final energy consumption target

Chapter 1 of the National Renewable Energy Action Plan 2010 for Austria, entitled National renewable energy strategy, already gives a target for final energy consumption for **2020 of 1 100 PJ**. Although this is a highly ambitious target which will require a great deal of effort to achieve, Austria remains committed to achieving it¹.

Target for gross inland consumption minus non-energy consumption

In order to estimate Austria's primary energy requirements, assuming that the final-energy consumption target for 2020 of 1 100 PJ is achieved, a coefficient of

Gross inland consumption – non-energy consumption

Final energy consumption

of 1.20 for 2020 is assumed. This

value was calculated on the basis of recent trends and assuming a slight improvement in efficiency regarding energy generation, transport and distribution. Using this assumption, it is clear that final energy consumption of 1 100 PJ in 2020 means gross inland consumption minus non-energy consumption of 1 320 PJ.

Resulting savings in accordance with the EED

The PRIMES 2007 model used in the EED forecasts final energy consumption in Austria of 1 325 PJ. If we take into account that the PRIMES 2007 population forecast for Austria in 2020 of 8.44 million was already exceeded in 2012, and that Statistik Austria forecasts a population of 8.71 million in 2020, this final energy consumption figure must be corrected to 1 367 PJ. The target of 1 100 PJ is a reduction of around 20% compared to 1 367 PJ.

Austria thus contributes the same effort towards achieving the target as the planned EU average, in spite of Austria's already-high level of energy efficiency and its high share of energy-intensive industry and population compared to the EU average.

¹ When calculating this target the following assumptions were made: moderate economic growth averaging 1.6% to 2020, a population of 8.71 million in 2020, and a continuation of the trend of heating degree-days. Should these conditions change by 2020, the target of 1 100 PJ must also be adapted.

4. Indicator report 2013 (data from 2011)

Indicators for the Progress Report pursuant to Annex XIV Part 1(a) of the EED

Energy consumption	2011	Source:
<i>Energy consumption Austria</i>		
Gross inland consumption	1 427 308 TJ	Energy Efficiency Monitoring Body, based on Statistik Austria's Energy Statistics
Primary energy consumption	1 315 687 TJ	"
Total final energy consumption	1 089 184 TJ	"
<i>Final energy consumption, per sector</i>		
Industry	312 084 TJ	"
Households	260 689 TJ	"
Services	134 896 TJ	"
Transport	358 788 TJ	"
Economic data		
<i>Gross value added by sector, nominal</i>		
Industry	67 196 mill. EUR	Energy Efficiency Monitoring Body, based on Statistik Austria
Services	193 064 mill. EUR	"
Disposable income of households	176 089 mill. EUR	"
Gross Domestic Product	300 712 mill. EUR	"
Energy generation		
Electricity generation from thermal power generation	44 445 TJ	Energy Efficiency Monitoring Body, based on Statistik Austria's Energy Statistics
Electricity generation from combined heat and power plants	18 451 TJ	"
Heat generation from thermal power generation	29 825 TJ	"
Heat generation from combined heat and power plants (including industrial waste heat)	49 631 TJ	"
Fuel input for thermal power generation	95 032 TJ	"
Fuel input for heat generation	41 267 TJ	"
Fuel input for combined heat and power plants (including industrial waste heat)	111 134 TJ	"
Transport services		
Passenger rail transport	30.9 bill. pkm	Energy Efficiency Monitoring Body, based on Statistik Austria
Goods transport (excluding air cargo)	38.8 bill pkm	"
Other data		
Population	8 420 900	Energy Efficiency Monitoring Body, based on Statistik Austria's Energy Statistics