

Avosetta Meeting

May 29th/30th 2026 – Copenhagen

“Instruments of Climate Mitigation and Energy Transition”

Report on Austria

submitted by *Verena Madner*¹

1

Introduction

The EU is pursuing a comparatively ambitious climate policy. However, it is increasingly coming under pressure. Achieving the self-imposed targets appears uncertain.

In Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality (“European Climate Law”), the EU committed itself to achieving climate neutrality by 2050 and reducing net greenhouse gas emissions by 55% by 2030 and by 90% by 2040 (compared to 1990 levels).

The central instrument for achieving these targets is the EU Emissions Trading System (ETS I).

From 2028 onwards, emissions from the buildings and road transport sectors are to be included in the EU Emissions Trading System (ETS II).

For areas that (so far) are not fully integrated into emissions trading, the Effort Sharing Regulation 2018/842 (ESR) applies. It sets national reduction targets for the Member States. Member States that fail to meet these targets will in the future have to buy emission allowances from other EU countries that have overachieved their targets.

In addition to these more or less market-based instruments, the EU also relies on regulatory measures. With the Renewable Energy Directive 2023/2413 (RED III), the EU target for the share of renewable energy in 2030 was raised to 42.5% (with the aim of reaching 45%). There are also stricter energy efficiency requirements.

In the transport sector, the EU initially adopted a ban on combustion engines from 2035 onwards but has since moved back significantly from this position.

In the land-use sector (LULUCF), the EU obliges Member States to increase the removal of CO₂ through natural sinks (forests, wetlands) (“no debit rule” plus restoration targets).

To cushion the social impacts of the measures under ETS II in particular, the EU has created a compensation mechanism, the Social Climate Fund. In addition, the Just Transition Mechanism

¹ Dr Felix Reimann, LL.M. provided extensive research and input for this report.

is intended to help regions that are heavily dependent on fossil-fuel-based industries finance structural change.

Objective of the Copenhagen Meeting

The aim of our meeting and of the subsequent questionnaire is to make the national implementation of EU environmental policy requirements transparent. Implementation successes and shortcomings should be highlighted, as well as nationally independent climate policy and regulatory approaches.

Questionnaire

The following questionnaire is intended to give us some common ground for discussion and analysis. Please feel free to choose the topics that are particularly relevant while leaving out the questions that are irrelevant in your national context.

Please remember also the obligation to provide a brief **National Report on Recent Developments in Environmental Law**, including a section on Recent Developments in Climate Litigation.

1. Political Situation

Is EU climate (and energy transition) policy generally supported or viewed critically in the respective national political context? How has national climate (and energy transition) policy developed in recent years? What are the prospects for future political developments? What are the key climate (and energy transition) policy controversies in the national political debate? What has been the role of the Courts in your national context?

Given the current geopolitical developments, a precarious budgetary situation, and the formation of a new government that no longer includes the Green Party, climate (and energy transition) policy currently seems to play a rather minor role within the Austrian political context, and political steps in this direction are being taken cautiously.

Following a period of dynamic activity in the wake of developments at the EU level ("Fit for 55" around 2021), during which, e.g., the Renewable Energy Expansion Act (EAG), as the legal cornerstone of Austria's energy transition, and the National Emissions Certificate Trading Act (NEHG) introducing a national CO₂ pricing system (cf. also *Klimabonus*) was adopted, climate (and energy transition) policy has recently slowed down. Notably, Austria has *de facto* been without a functioning Climate Protection Act (KSG) since the GHG reduction targets contained in the KSG expired in 2020. The adoption of a renewed Climate Act has since then been politically delayed. Recent developments in energy policy at the federal level have concerned the adoption of a new Electric Power Industry Act (ElWG) and a draft for a Renewable Energy Expansion Acceleration Act (EABG). The former, among other things, accelerates grid expansion, the latter aims to speed up permitting procedures for renewable energy projects.

The prospects for political developments in Austria's climate (and energy transition) policy are characterized by the ambitious target to reach climate neutrality in 2040 (ten years ahead of the EU) and to generate 100% of electricity from renewable energy sources by 2030 (§ 4 (1) and (2) EAG). To achieve these goals, one of the main focuses is laid on the expansion of grids and

infrastructure and accelerating permitting procedures (cf. EABG draft). The key climate (and energy transition) policy controversies in Austria concern the missing of a functioning Climate Protection Act, the mandatory phase-out of oil and gas heating (within the Renewable Heat Act - EWG) and the associated problem of energy dependence (from Russia).

Austrian courts, especially the Constitutional Court, have not played a leading role in climate (and energy) transition to date. The Constitutional Court did not have the opportunity to address the issue of climate change on the merits, since all lawsuits aimed at legislation (esp. the KSG) were rejected on procedural grounds (*Madner*, HRLJ 2023, 355). However, in a recent ruling on the mandatory use of rail transport for waste shipments the Constitutional Court has – also citing *KlimaSeniorinnen* – accorded climate protection significant weight as a matter of public interest in the proportionality review (VfGH 6.12.2025, [G 216/2024](#)). Administrative courts and the supreme administrative court have generally supported the expansion of renewable energy and strengthened procedural rights of environmental organizations in the context of EU environmental law. With *Müllner v. Austria* (No. [18859/21](#)) a complaint regarding inadequate climate protection measures against Austria is pending before the European Court of Human Rights, the outcome of which could have significant implications for Austrian climate law.

2. Overall Climate Policy Targets

Are the EU's overall climate targets (2035/2040/2050) considered adequate / too ambitious / insufficient in national politics? Has the Member State set more ambitious national climate targets ("gold plating")? If so, what additional national targets are being pursued?

The EU's overall climate targets are generally supported by the current government. After the new government has said it can't support the EU's 2040 climate target bill in its current form, the competent minister (*Totschnig*) agreed to the EU's interim climate target (90%) for 2040 as part of a compromise that effectively reduces the originally proposed target of a 90% net reduction in GHG emissions to approximately 85% through the use of carbon credits.

Austria's government aims to achieve climate neutrality by 2040 (§ 4 (1) EAG) – 10 years ahead of the EU's net-zero target. In addition, Austria aims to generate 100% of its energy from renewable sources by 2030 (§ 4 (2) EAG), well above the EU target of 42.5% for 2030. However, due to the expiration of the Climate Protection Act (KSG), no other legally binding (interim) climate targets – broken down by year or sector – are established at the national level.

3. Emission Trading System I (Industry)

Is ETS I considered appropriate? If not, what reforms are viewed as priorities from the national perspective?

ETS I is generally considered appropriate. In light of the current economic situation of energy-intensive industries due to the massive rise in energy prices, the government calls on the European Commission to evaluate the existing carbon leakage rules under the ETS I. The government is further advocating for the crediting of CO₂ captured through Carbon Capture and Utilization (CCU) in the ETS I ([Regierungsprogramm 2025-2029](#), p. 169 f). Austria's National Energy and Climate Plan (NECP) views the inclusion of all fossil fuel consumptions in the ETS as a key opportunity to achieve significant emission reductions ([NECP 2024](#), p.

134). It also emphasizes that the ETS I (and II) system is complemented by a national emissions trading system establishing national carbon price (under the NEHG 2022; NECP 2024, p. 161).

4. Emission Trading System II (Buildings and Road Transport)

What share of national total energy consumption is attributable to buildings and road transport? Is the postponement of ETS II to 2028 viewed positively? Are buildings and road transport already part of a national regulatory regime that anticipates elements of ETS II? How are the prospects for decarbonizing the national building and transport sectors assessed?

Austria's building and transport sectors remain major contributors to climate change, accounting for 70 % of national energy consumption and 38 % of greenhouse gas emissions in 2023 ([AAR2 2025](#), p. 214). With the NEHG Austria is already operating a national emissions trading system that covers sectors that do not (yet) fall under the EU ETS I (esp. buildings and road transport), which will be integrated into the ETS II scheme in 2028 (§ 1 NEHG 2022).

4

5. Double regulation?

Is there a discussion about the topic of 'double' regulation: e.g. energy efficiency in ETS installations / build environment, National taxes on/pricing of CO2 emissions, Emission Limit Values in environmental permits?

Yes, there is such a discussion, e.g. in the context of the national emissions trading system establishing a national carbon price (under the NEHG 2022). There is also a discussion in Austria regarding Emission Limit Values (ELVs) based on Best Available Techniques (BAT) in environmental permits, primarily focused on the transposition of the updated EU Industrial Emissions Directive (IED 2.0; cf. position papers by WKO, [2022](#), [2026](#)).

6. Effort Sharing

Is the Member State “on track” to meet its national reduction targets under the Effort Sharing Regulation 2018/842? Is failure / compliance / over-achievement of the EU requirements expected? What are the main challenges or success factors influencing compliance or non-compliance with the EU requirements? Does the state intend to sell its own emission credits or to purchase such credits from other Member States?

Under the ESR Austria must reduce GHG emissions by 48% relative to 2005 across all sectors not covered by the EU ETS. The NECP 2024 (p. 79 ff) shows that the ‘with additional measures’ scenario (WAM) can reach that target in combination with a package of policies. In contrast, the ‘with existing measures’ scenario (WEM) does not meet EU targets. This scenario shows a gap in GHG emission reductions of 10.4 MtCO₂-eq in 2030 ([AAR2 Summary](#), p. 1). According to the latest projections from the Federal Environment Agency ([UBA 2025](#), p. 4), the government will under both scenarios fall far short of its targets, even when ETS flexibility is factored in (cf. also [BMF](#), p. 26). From today's perspective, this makes the purchase of additional emission allowances from other Member States seem inevitable, for which, according to reports, the minister is preparing in the draft Climate Act ([Der Standard 2025](#)).

7. Renewable Energy

What progress has been made in the transition towards a national energy supply based on renewable energy? What is the current energy mix, and what are the projections up to 2050?

What differences exist in the transformation of the electricity market versus the broader energy market (including non-electric heating, transport and other energy use)? What are the major national regulatory instruments to support the transition to renewables? What major obstacles hinder a faster transition to renewable energy at the national level? Are adjustments to the EU's regulatory framework considered necessary? If so, which ones?

Austria is already a leader in the field of renewable energy, as in 2024 an estimated 88,6% of electricity was generated from renewable sources. Hydropower remains the cornerstone, contributing around 60% of electricity generation. To achieve 100 % renewable electricity as planned by 2030, Austria introduced the Renewable Energy Expansion Act (EAG) in 2021. The act sets a target of adding 27 terawatt-hours (TWh) of renewable electricity by 2030. The draft Renewable Energy Expansion Acceleration Act (EABG) to speed up permitting procedures is yet to be adopted ([European Parliament Research Service](#), p. 4; NECP 2024, p. 52).

Excursus: Initial criticism was that while the general implementation of RED III was supposed to be completed by May 2025, the draft bill of the EABG is still undergoing the review process as of early 2026 ([T. Müller](#)). [T. Müller](#) also considers the provision for compensation payments (§ 10 (4) EABG draft) instead of impact assessments to be problematic and contrary to EU law.

During the public evaluation phase concerning the draft EABG ([43/ME](#)), which has now concluded, a large number of comments were submitted, particularly from environmental organizations, such as [Ökobüro](#), [IG Windkraft](#) and [Global 2000](#). In this context, the environmental organizations raised, among others, the following concerns:

- Fragmentation regarding the designation of renewable acceleration areas, for which the federal states are responsible; draft does not provide nationwide guidelines for the designation of acceleration areas
- Targets for the expansion of renewable electricity generation within EABG draft fall significantly short of actual needs and the targets already adopted (EAG), and are not consistent with other plans, particularly the NECP
- EABG draft lacks comprehensive strategic
- Screening provision, esp. regarding compensation payments, violates EU law and is unclear in wording
- Presumptive rule in § 10 (7) EABG is said to conflict with the Alpine Convention, as sensitive alpine areas are not sufficiently exempted from planned acceleration measures ([Ökobüro](#), p. 8)
- Inadequate participation status and remedies for environmental organisations in the notification procedure
- Lack of legal contestability of plans, esp. regarding acceleration areas; same applies to already existing laws in federal states

Yet energy is not only electricity. Besides the large share of renewables within the electricity sector, a share of 18.9% of the rest of Austria's energy mix consists of renewables. Renewables thus account for approximately 38% of Austria's total energy mix. The remainder of the mix consists of approximately 36.3% oil, 14% natural gas and 6.6% district heating ([Wien Energie](#)).

The major national regulatory instruments to support the transition to renewables are – the already mentioned – Renewable Energy Expansion Act (EAG), the draft Renewable Energy Expansion Acceleration Act (EABG), Renewable Heat Act (EWG), the Energy Efficiency Act (EEffG) and the Electricity Industry Act (ElWG).

Obstacles that hinder a faster transition to renewable energy at the national level are limited grid capacity, the fragmented division of competences between the federal and the state legislators in matters of energy law (Stichwort "Kompetenzdeckungsklauseln"), lengthy administrative proceedings (cf. EABG) as well as social acceptance (cf. controversial referendums on wind turbines; [VfGH 9.12.2025](#), V 218/2025, W III 1/202).

8. Land Use

How exactly are emissions from the land-use sector recorded nationally? What trends can be derived from this data? What strategies are being pursued at the national level to strengthen the land-use sector's contribution to emission reductions and to comply with the LULUCF-Regulation 2018/841?

Emissions and removals from the Land Use, Land-Use Change and Forestry (LULUCF) sector in Austria are recorded annually by the Environment Agency Austria (UBA) as part of Austria's National Inventory Document submitted under the UNFCCC and under the Paris Agreement (cf. Austria's National Inventory Document [2025](#)). Based on Austria's Land Use, Land-Use Change, and Forestry (LULUCF) data, the primary trend is a significant weakening of the land-based carbon sink over the last decade, with the sector occasionally transitioning from a net carbon sink to a net source of GHG (Inventory Document 2025, p. 100).

The Austrian NECP integrates LULUCF targets and strategies, with a particular focus in the field of forestry (NECP 2024, p. 170 ff), since forests still cover nearly 48% of the country and generally act as a sink. For example, “targeted forest management and maintenance measures to increase growth and resilience and preserve productive capacity by promoting rapid reforestation” are envisaged as a strategy in the LULUCF sector.

9. Special National Strategies, Programmes, and Ideas

What special strategies, regulatory programmes, and ideas—beyond those already mentioned—are being pursued nationally for climate mitigation? How do these national concepts and legal instruments relate to EU climate policy? Does a programme for carbon capture and storage exist?

It should be noted that the Austrian Climate Protection Act does not contain any plans comparable to those provided for in the German Federal Climate Protection Act ("Klimaschutzprogramm"). The main policy planning tool is the NECP, which is not a legally binding act, however. Notably – according to the government's policy programme – a new Climate Act shall establish a binding climate governance structure and also lay down procedural requirements for the NECP ([Regierungsprogramm](#), p. 168). Climate roadmaps and strategies are foreseen in recently enacted climate protection laws of federal states (such as the [Viennese Climate Act](#)). The Vienna Climate Roadmap must include guidelines and targets for climate protection, in particular a pathway for reducing GHG emissions, broken down by sector and including interim targets, as well as targets for climate adaptation (§ 10 (2) Wr KLG), establishing a connecting factor to Union climate law.

A programme for carbon capture and storage (CCS) is actively being developed in Austria as part of its strategy to reach climate neutrality by 2040. While geological storage of CO₂ has been prohibited since 2011 (except for small-scale research), the Austrian government adopted a [National Carbon Management Strategy](#) in June 2024 to lift this ban.

10. Social and Regional Compensation Mechanisms

Are there national mechanisms to provide social or regional compensation for the burdens arising from climate protection measures? Is any form of “climate dividend” or “climate payment” being issued?

A core compensation strategy launched within an Eco-Social Tax Reform in 2022 was the so called "*Klimabonus*" (Climate Bonus), which was designed to return revenue from CO₂ pricing (cf. NEHG) to households in a fair and regionally differentiated manner. It is intended to offset the additional financial burden caused by the new tax by redistributing the revenue from CO₂ pricing evenly among the population. Depending on the region, amounts ranging from 145 to 290 euros per adult were paid out in 2024 ([A&W Blog](#)). However, the climate bonus was abolished in 2025 as part of budget consolidation efforts (the abolition resulted in savings of [1.8 billion euros](#)). The Climate Bonus was introduced as part of the 2022 eco-social tax reform, alongside CO₂ pricing (NEHG 2022), as a tool to reduce CO₂ emissions.

Its abolition has drawn significant criticism however, which has focused primarily on social and economic aspects. Critics have pointed out that it would result in a loss of income for everyone, but especially for low-income individuals with high energy and fuel costs, which typically occur more frequently in rural areas ([Der Standard](#)). As the burden of CO₂ pricing could rise significantly in the future (cf. ETS II starting in 2028), social compensation will become even more urgent ([A&W Blog](#)).

11. Adaptation

Are there national programmes for climate adaptation? How can these be briefly described? Should the EU, from a national perspective, develop climate adaptation programmes, or should this remain the responsibility of the Member States?

Austria was one of the first countries in the European Union (EU) to link a strategic concept for climate change adaptation (NAS) with a comprehensive action plan (NAP). In 2024 the third iteration of the [Austrian Strategy for Adaption to Climate Change](#) was adopted. In addition, the climate roadmaps/strategies of federal states – provided that they enacted a Climate Act – must also include adaptation strategies (cf. 10 (2) Wr KIG, § 4 (3) Bgld. KliG).

12. New liability/compensation regime in the Air Quality Directive (2024/2881) and the amended IE Directive (2024/1784)

The new Air Quality Directive 2024/2881, art. 28. and the amended IE Directive (2024/1785) requires Member States to establish a liability/compensation regime regarding persons suffering damage to human health caused by violation of the EU-obligations under the two directives. The new EU-obligation should be seen in light of the CJEU-ruling in C-61/21 in which the CJEU rejected Member State liability for human health damage based on the (old) Air Quality Directive. The new obligations place Member States as the one who should pay compensation for the damage, but the legal implications of the new regimes are not entirely clear. How is the new obligation on liability/compensation in the new Air Quality Directive and the amended IE Directive intended to be implemented in your Member State?

The implementation will likely take place within the Air Pollution Control Act (Immissionsschutzgesetz – Luft, IG-L); the law has yet to be amended in accordance with the Directive(s) however. The [website](#) of the relevant ministry notes that "the new Directive [...] ensures that citizens have the right to compensation if their health is adversely affected as a result of a deliberate or negligent breach by enforcement authorities [...]".