



# Recovery and Resilience Plan Austria

## Budget

The estimated total cost of the recovery and resilience plan of Austria is **€ 4 449 475 001**- this corresponds to 1.2% of the nominal economic output in 2020. The country will receive **€3.5 billion in grants** under the RRF.

## Relevant parts

Social housing is not prominently mentioned, but nevertheless there are some measures where the building sector as a whole and also the social housing sector will benefit from them:

### ➔ **SUBCOMPONENT 1.A RENOVATION WAVE** (€ 209 million)

The objective of the subcomponent is to (i) promote the green transition by supporting the **replacement of climate-damaging oil and gas heating systems with renewable technology**, and (ii) strengthen social resilience by **supporting complex thermal renovation of dwellings** to reduce the energy costs of low-income households.

The subcomponent contributes to addressing the country-specific recommendations on sustaining the economy and supporting recovery (Country Specific Recommendation 1 in 2020), focusing investment on the **green transition, clean and efficient production and use of energy (Country Specific Recommendation 3 in 2020)** and investment-related economic policy on sustainability (Country Specific Recommendation 3 in 2019).<sup>1</sup>

#### ➔ Reform: 1.A.1 Renewable Heating Law

The objective of the reform is to **create the framework conditions for replacing outdated heating systems**. Building on an existing reform that banned heaters using fossil fuels in newly constructed buildings, the Renewable Heating Law will regulate the phase-out of

<sup>1</sup> Page 2, ANNEX to the Proposal for a Council Implementing Decision [https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC\\_2&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC_2&format=PDF)

outdated heating systems in existing buildings from 2025 onwards and encourage their replacement by renewable energy or district heating.<sup>2</sup>

In addition, the reform will **create a common platform**, in cooperation with the Länder and social organisations, to **coordinate flanking measures against energy poverty**, including funding and consultancy services for low-income households.<sup>3</sup>

→ Investment: 1.A.2 Exchange of oil and gas heating systems (€ 158.92 million)

The objective is to increase the share of heating systems based on renewable energy in residential buildings, and thus reduce heating-related energy consumption, greenhouse gas emissions and air pollution.

The investment consists of a **support scheme for private individuals (31 800 dwellings)** to replace fossil fuel heating system with biomass-based heaters, heat pumps or connectors to district heating. The implementation of the measure shall be completed by 30 June 2026.

Moreover, thermal renovation of buildings, renewable energy and energy-saving measures will be supported also by the **general investment premium scheme for enterprises** (2.D.3), providing a climate contribution of € 205.5 million.

→ Investment: 1.A.3 Combating energy poverty (€ 50 million)

This investment will contribute to a reduction in energy consumption in buildings. The support will include **thermal renovation of dwellings of low-income households prone to energy poverty (2 250 houses)**. The measure targets low-income households living in older buildings which cannot afford an own contribution to existing national and regional schemes supporting energy efficiency measures.

An **integrated support scheme** is going to provide tailored support and funding for renovation of family houses, comprising thermal insulation of walls and roof, replacement of windows and heaters as well as planning support. Part of the investment will be dedicated to **consultancy services and awareness raising**, in cooperation with social NGOs, building on the reform included in this subcomponent.<sup>4</sup>

For information, the “Renovation check” with the goal of “1,000 thermal renovations” is also (the prolongation of) an already existing program and mainly focused on homeowners. The programme however is not part of the RRF but continues to be funded from the national budget. The RRF will provide funding for thermal renovation for energy poor households (but this won't be part of the ‘renovation cheque’).

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<sup>2</sup> The Renewable Heating Law shall be enacted by 31 March 2022.

<sup>3</sup> Page 2, ANNEX to the Proposal for a Council Implementing Decision [https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC\\_2&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC_2&format=PDF)

<sup>4</sup> Page 3, ANNEX to the Proposal for a Council Implementing Decision [https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC\\_2&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC_2&format=PDF)

## SUBCOMPONENT 1.D TRANSFORMATION TO CLIMATE-NEUTRALITY

### D.1. Reforms and investments for non-repayable financial support

The subcomponent consists of a **reform of the national support framework for renewable energy** and of an investment aimed at industrial emissions abatement.

#### → Reform: 1.D.1 Renewables Expansion Law

The reform represents a key government priority in energy policy that plays an essential role on Austria's path towards climate neutrality by 2040. The reform overhauls the national support scheme relying on market premiums and investments for wind power, hydropower, solar energy, biomass, renewable gases, including hydrogen. The elements of the reform regarding hydrogen are coherent with the investment measure 3.D.2 IPCEI Hydrogen.<sup>5</sup>

## SUBCOMPONENT 4.D RESILIENCE THROUGH REFORMS

#### → Reform: 4.D.6 Green Finance Agenda

A quite unique initiative from the Austrian Plan to establish a political and monitoring framework that **mobilises private capital for the necessary investments to achieve the climate and energy targets of 2030**.

The actions focus on three aspects: (i) mobilisation of capital for climate protection and sustainable investment, (ii) anchoring and managing climate relevant risks in the due diligence obligations, and (iii) development of uniform strategies and methods as well as guidance.

Specific actions are promoting the agreement on a 'Green Supporting Factor' at EU level and national implementation of the 'Green Supporting Factor' to facilitate granting of 'green loans'; development of strategies and methods for a better risk management in the context of green finance, e.g. the systematic measurement and **reduction of the exposure to climate and environmental risk**; and further development of appropriate methods and the related guidance.

The reform contributes to addressing the Country Specific Recommendation related to need of sizeable private investment needed to for Austria's transformation to a climate neutral economy (Country Specific Recommendation 3 in 2020).<sup>6</sup>

### Link with the National Energy and Climate Plan (NECP)

The NECP that is referred in the Recovery Plan is the one from 2019 which set a commitment of CO<sub>2</sub> emission reduction to 36 % compared to 2005.

The NECP recognises the '*energy efficiency first*' principle and provides elements on energy efficiency of buildings. Austria's 2020 Long-term renovation strategy emphasises the phasing out of coal and oil for heating purposes and addresses building renovation with a

<sup>5</sup> Page 24, ANNEX to the Proposal for a Council Implementing Decision [https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC\\_2&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC_2&format=PDF)

<sup>6</sup> Page 91, ANNEX to the Proposal for a Council Implementing Decision [https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC\\_2&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC_2&format=PDF)

comprehensive mix of regulatory requirements, fiscal and economic incentives, and information measures.<sup>7</sup>

The measures in the Recovery Plan **follow the policy objectives of, and the challenges identified by the NECP**.<sup>8</sup>

Austria's Recovery Plan puts the main focus on measures supporting the green transition. Overall, it comprises measures accounting for € 2,031 billion contributing to the green transition, representing **58.7% of Austria's total financial allocation** under the RRF.<sup>9</sup>

As described above, under the first component, **€ 209 million is allocated to changing heating systems**. The energy efficiency and climate adaptation measures are further complemented by support for green investment by enterprises (€ 504 million), including energy saving renovations, proposed under component 2.<sup>10</sup>

Even though GHG emissions from buildings have decreased over the past decades, there is still great savings potential in this sector. According to the assessment of the European Commission, reaching EU and national climate targets will require **broadening and improving the pricing of GHG emissions** to accelerate the green transition.<sup>11</sup>

Austria has a quantitative target for further emission reductions in the building sector (3 Mt CO<sub>2</sub>eq between 2016 and 2030). **The more efficient use of building materials** in construction and renovation (circular economy) **would contribute to a further reduction in GHG emissions** and benefit environmental targets.

In terms of renewables, as per the European Commission, Austria is on track to meet its EU renewable energy target, however **significant investment is required** to reach Austria's objective of 100% renewable electricity consumption by 2030. To this end, the draft Renewables Expansion Law pursues the revision of the national support system for renewable energies. Also, as Austria needs a substantial increase of renewable energy in the heating and cooling sectors, the renewable heating Strategy should be finalised.

As for the energy efficiency, Austria is **not on track to meet its target**, but further efforts are planned. As reflected in the final NECP, for energy efficiency, the Austrian contribution is 28.7-30.8 million tons of oil equivalent (Mtoe) for primary energy consumption and 24.0-25.6 Mtoe for final energy consumption. These targets are low in ambition.

## Link with the European Semester

A substantial number of reforms and investments are targeted towards **the green transition and the reduction of Greenhouse gas emissions** (CSR 3 in 2019 and 2020).<sup>12</sup> A

<sup>7</sup> Page 15, Assessment of the European Commission [https://ec.europa.eu/info/sites/default/files/com-2021-338\\_swd\\_en.pdf](https://ec.europa.eu/info/sites/default/files/com-2021-338_swd_en.pdf)

<sup>8</sup> Page 51, , Assessment of the European Commission [https://ec.europa.eu/info/sites/default/files/com-2021-338\\_swd\\_en.pdf](https://ec.europa.eu/info/sites/default/files/com-2021-338_swd_en.pdf)

<sup>9</sup> Page 30, Assessment of the European Commission [https://ec.europa.eu/info/sites/default/files/com-2021-338\\_swd\\_en.pdf](https://ec.europa.eu/info/sites/default/files/com-2021-338_swd_en.pdf)

<sup>10</sup> Page 30, Assessment of the European Commission [https://ec.europa.eu/info/sites/default/files/com-2021-338\\_swd\\_en.pdf](https://ec.europa.eu/info/sites/default/files/com-2021-338_swd_en.pdf)

<sup>11</sup> Page 14, Assessment of the European Commission [https://ec.europa.eu/info/sites/default/files/com-2021-338\\_swd\\_en.pdf](https://ec.europa.eu/info/sites/default/files/com-2021-338_swd_en.pdf)

<sup>12</sup> [https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-your-country/austria\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-your-country/austria_en)

combination of measures included in the plan aims at addressing the challenges related to energy efficiency, renewable energy and the reduction of GHG emissions.

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