

UNIVERSITY OF GRAZ Institute of Banking and Finance



INTEGRATE

Austria's path to climate neutrality: Identifying a cross-sector integrated framework and incentive design, distributional and budgetary implications 13

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RESPONSIBLE CONSUMPTION AND PRODUCTION







Storyline and scenario development

Four different net-zero emissions scenarios



Ambition level of use energy reduction

Net-zero emission Austria: 100% renewable energy demand and a net-zero balance of CO2 emissions

Comparison of structurally different decarbonisation scenarios to assess:

- Structure of the energy system (e.g. imports, generation mix)
- output, employment, imports)
- •
- Innovation potential in Austria

- conditions
- •
- (enough specialized labor, ...)



Energy demand of building, transport, industry sectors

Macroeconomic effects (welfare, GDP, prices, sectoral

Distributional implications for households

Implications and requirements for the financial markets

Co-created policy conclusions and packages

Consistent cross-sector pathways & necessary framework

How to finance a capital intensive transition?

How to foster aggregate economic supply elasticity

Implications for energy system, macroeconomy and distributional indicators (I)

- Stepwise, soft-link of the energy-system model Euro-Calliope and the Austrian macroeconomic CGE model WEGDYN-AT
- By including bottom-up sector model details for buildings, transport and industry







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Macroeconomic and distributional implications of new energy system

Implications for energy system, macroeconomy and distributional indicators (II)



- Demand of synthetic gas, synthetic fuel and biomass increases in industrial processes significantly
- Electrification in all sectors (building, transport and industry)
- Depending on the level of energy consumption and import strategies, challenges for domestic generation arise.
 - This is particular relevant for potential domestic production of synthetic gas (hydrogen, methane) and synthetic fuels





Implications for the financial market

- Financing the climate transition requires efficient cooperation between the real economy, the financial sector and the public sector.
- Focus on nexus between the real economy and the financial sector, especially for small and medium-sized enterprises (SMEs).
- Series of interviews and workshops to explore whether and how SMEs can more easily access financing for green investments
- Creation of a mapping-table of financial instruments that can accelerate the transition

SMEs need information material, training, better guidance

Too heterogeneous funding landscape, requirements differ by province



No clear signals to make sustainable financing more attractive



Interviews and focus group workshops

Bank advisors and companies should be familiar with range of green financial instruments

Companies need reliable data to make their sustainable business activities measurable

Analysis of innovation potential

- Austria's innovation performance in key circular \bigcirc economy technologies was investigated using a combination of patent and trade data
- From these data, indices of revealed comparative advantage in technology (RTA) and trade (RCA) were constructed
- RCA > 1 for all technologies (with data available) indicates a competitive economic basis
- RTA < 1 indicates innovative disadvantage cf. ROW
 - R&D support policies to strenghten innovation
- RTA > 1 indicates innovative advantage cf. ROW
 - Implementation subsidies (UFI) or standards to \succ foster diffusion of existing technologies.





Stakeholder interaction and co-generation

1st Co-generation workshop in Vienna (November 2022)



Homepage

with regular

updates

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Focus groups on special topics (finance)

Qualitative interview for scenario specification Feedback loops via interactive miro-board



2nd Co-generation workshop in Vienna (April 2024)

> Active representation at national events

Presentations at international conferences

Feedback and discussion with SAB members

Take-away messages

- Ocircular economy transformation and energy demand reduction enhance welfare and value added
- Without domestic energy demand reduction Austrian dependence on (expensive) energy imports becomes excessive
- Financial sector needs in-depth cooperation with real economy transition experts to implement effective green finance instruments (so far finance supply larger than "certified" projects).

For further detailed information (Newsletter, project details, first results, ...): see https://wegcwp.uni-graz.at/integrate/



Next steps

- Completion of quantitative modelling: Evaluation of energy system effects, distributional implications
- Quantitative modelling results will continue to feed into the interactive stakeholder process
- Within a stakeholder workshop on April 19th, 2024 in Vienna scenarios and results will be further refined
- Formulation of integrated policy packages based on quantitative and qualitative insights
- O Working papers, policy briefs and Journal submissions
- Continuation of the Newsletter series (as co-creation instrument & cutting edge resource for stakeholders)



Thank you!







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