

Austrian National Emissions Trading System

General Information

ETS Description

Austria launched its national emissions certificate trading system (Nationales Emissionszertifikatehandelsgesetz – NEHG) for fossil fuels not already covered by the EU ETS in October 2022.

Although the NEHG does not establish a carbon tax, the carbon pricing instrument follows in central parts the logic of existing energy taxes (fuel tax, coal tax, and natural gas tax). Thus, if a certain event is taxable under the existing energy taxes regime, an obligation to buy allowances arises under the NEHG. Taxable events are the production, import, or release of energy products from a tax warehouse in Austria or the supply of coal and natural gas to consumers. In practice, only a limited number of energy distributors and oil companies are subject to the NEHG 2022, while the majority of (end) consumers are not directly liable.

The NEHG aims to cover emissions outside the EU ETS, encompassing predominantly emissions in the buildings and transport sectors. Between 2022 and 2025, the system will operate with an annually increasing fixed price and a flexible cap, such that more allowances will be available for entities if needed.

The NEHG is being phased in gradually. The system has been designed in line with the reduction targets for non-EU ETS sectors as defined by the “European Effort Sharing Regulation” (ESR). The system may eventually transfer into the EU ETS 2 (see the ‘EU ETS 2’ factsheet for more).

ETS Status

in force

Jurisdictions

Austria

Year in Review

In 2023, the NEHG successfully completed its inaugural year. Covered entities began surrendering national emission allowances on a quarterly basis, beginning in March.

A portion of the resulting revenues was directed to consumers through the “Regional Climate Bonus”, which commenced payout in autumn (see ‘Allowance Allocation’ section). This bonus was introduced as part of the “Eco-Social Tax Reform” in October 2022 to offset potential price increases from the system. It provides an annual lump-sum payment that is automatically distributed to people who were resident in Austria for at least six months in 2023. The payment, ranging from a minimum of EUR 110 (USD 118.9) to a maximum of EUR 220 (USD 237.9), is determined by the proximity of essential amenities, such as schools and pharmacies, and accessibility to public transport. However, the Austrian legislature has not foreseen a direct earmarking of the revenues resulting from the NEHG for the Regional Climate Bonus.

Sectoral coverage

Transport

Buildings
Industry
Power

Revenue usage

Assistance for individuals, households, and businesses

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

77.5 (2021)

GHG reduction targets

By 2030: 48% reduction from 2005 (EU Regulation 2023/857)

By 2040: Climate neutrality (foreseen to be established in the current legislative program; not legally binding)

Current Allowance Price (per t/CO₂e)

- 2022: EUR 30 (USD 32.44)
- 2023: EUR 32.50 (USD 35.14)
- 2024: EUR 45 (USD 48.66)
- 2025: EUR 55 (USD 59.47)

Size & Phases

GHGs covered

Verified emissions data for coverage are not yet available for 2023.

Phases

PHASE ONE: Five years (2022 to 2026), including:

- Introduction phase (2022 to 2023)
- Transition phase (2024 to 2025)

Market phase (starting 2026)

Cap or total emissions limit

There is no cap foreseen for the introduction and transition phases. For the market phase, a cap will limit the total emissions allowed in the system. However, the cap and annual reduction factor are still to be determined.

Sectors and thresholds

SECTORS: The NEHG 2022 covers all distributors (producers/importers) of fossil fuels used in the transport, buildings, and agriculture, as well as from small industries. This essentially concerns the following fossil fuel sources: petrol, gasoil (diesel), heating oil, natural gas, liquefied gas, coal, and kerosene. Fuels in admixture with biogenic fuels receive a lower emissions factor than purely fossil fuels.

Aviation and navigation in international inland waters as well as certain fuels like sustainable LNG are exempt from the surrender of allowances during the fixed-price phase.

Provisions are in place to avoid unnecessary double burdens for installations covered by the EU ETS. Emissions that arise from a fuel delivered to and used in an EU ETS installation must be reported by said installation and can then be exempted from the NEHG 2022. The exemption can be granted in advance, although a subsequent refund is also possible.

In addition, companies that are particularly affected by the NEHG 2022 (e.g., in the transport sector) can also apply for a partial refund of the carbon price to avoid “hardship” cases. The NEHG 2022 also foresees compensatory measures for economic sectors that are at particular risk of relocating their production to countries with less stringent climate policies (carbon leakage) and for firms facing

additional costs in the agricultural and forestry sectors.

INCLUSION THRESHOLDS: Trading participants that emit less than one tCO₂e emissions per year are exempt from the obligations.

Point of regulation

Upstream

Type of entities

Entities releasing fuels for consumption (e.g., fuel distributors)

Number of entities

450

Allowance Allocation & Revenue

Allowance allocation

Introduction and transition phases (2022 to 2025): The number of available allowances is unlimited. Allowances are sold for an annually increasing fixed price:

- 2022: EUR 30 (USD 32.44)
- 2023: EUR 32.50 (USD 35.14)
- 2024: EUR 45 (USD 48.66)
- 2025: EUR 55 (USD 59.47)

Market phase (starting January 2026): Auctioning of allowances starts in 2026 with free price determination.

Auctioning share

100%

Total Revenue

EUR 843 million (USD 911.51 million) in 2023

2023

Use of Revenues

Revenues are partly recycled to consumers via the Regional Climate Bonus (see 'Year in Review').

Flexibility & Linking

Offset credits

The use of offset credits is not allowed.

Banking and borrowing

Banking is not allowed during the introduction and transition phases.

Borrowing is not allowed.

Links with other Systems

The NEHG 2022 may eventually transfer into the EU ETS 2 (see the 'EU ETS 2' factsheet for more).

Compliance

Compliance mechanism

Covered entities must surrender one allowance per tCO₂e emitted for all their covered emissions.

Compliance Period

One calendar year. Covered entities have until the end of July to surrender allowances to cover the reported emissions of the previous year.

Monitoring, Reporting, Verification (MRV)

REPORTING FREQUENCY: Annual self-reporting in the form of an emissions report (*Treibhausgasemissionsbericht*) based on electronic templates is to be submitted by the end of June. During the introductory phase, a simplified emissions report, which is based on the already available data of the energy tax declarations, is to be submitted by the end of June.

The emissions report must be based on a previously approved monitoring plan. Every modification to the monitoring plan needs to be addressed to the competent authority by the end of each calendar year. During the introductory phase, a simplified registration and emissions reporting regulation applies. In this phase, no monitoring plan must be submitted.

VERIFICATION: The emissions report must be accompanied by a verification report by an independent verifier. During the introductory phase, emission reports must not be accompanied by a verification report by an independent verifier

Enforcement

During the fixed-price phase, entities must pay an increased certificate price for each tCO₂e for which no allowance has been surrendered, set at two times the fixed price, in addition to a financial penalty.

After the fixed-price phase, entities pay an increased certificate price of EUR 125/tCO₂e (USD 135.16).

For other instances of non-compliance, e.g., misreporting, or late reporting, entities can be fined.

Market Regulation

Market Stability Provisions

PRICE STABILITY MECHANISM: Introduced as an accompanying measure for the introduction and transition phases of the ETS. If the average energy price increases by more than 12.5% within one year, the allowance price increase for the next year decreases by 50% compared to the initially planned increase. Likewise, if the average energy price decreases by more than 12.5%, the allowance price will also increase by 50% in the following year.

Triggers: Due to high energy prices in 2022, the price stability mechanism applied for 2023. The price of an allowance was therefore EUR 32.50 in 2023 (USD 35.14). In 2023, the changes in energy prices did not trigger the price stability mechanism. Thus, allowance prices returned to their foreseen path (EUR 45, USD 48.66 in 2024).

Market Design

The NEHG 2022 does not contain details on the concrete design of the primary market for the market phase. These provisions are expected after the evaluation of the ETS at the end of 2024.

Other Information

Institutions involved

Austrian Federal Ministry for Finance (BMF): Responsible for establishing the regulatory framework of the ETS.

Office for National Emissions Allowance Trading at the Austria Customs Office: Implementing authority, e.g., responsible for receiving emissions reports.

Regulatory Framework

[National Emissions Trading Act 2022 - NEHG 2022](#)

Evaluation / ETS review

A first evaluation of the national ETS is expected by mid-December 2024. Article 19 of the NEHG 2022 foresees an evaluation process that covers the specification of the market phase in line with Austria's climate targets, as well as an evaluation of the maintenance of exemptions for certain sectors. The evaluation also considers the transition to the second EU ETS covering the buildings and road transport sectors.

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