

## The Revised Energy Promotion Directive and Energy Ordinance

### Federal Council decides on amendments

The Energy Strategy 2050 produced the Energy Act including its package of directives which came into force on 1 January 2018. Of these, the Energy Promotion Directive and the Energy Ordinance had to be revised. Amendments determined by the Federal Council come into effect on 1 April 2019. The overview below covers the most important aspects of these amendments.

The adjustments in the Directive of the Swiss Federal Department of the Environment, Transport, Energy and Communications (DETEC) regarding certification of origin of electricity and electricity labelling (HKS) which will also come into force on 1 April 2019 are not discussed here.

### The Energy Promotion Directive (EnFV)

#### *Feed-in remuneration system*

The feed-in remuneration system for newly admitted facilities (i.e. for photovoltaic plants with an output of 100kW or more) has been limited in time up to 2022 and restricted to 15 years. The feed-in remuneration consists of the proceeds of direct marketing and the feed-in premium. In turn, these result from the reference market price and the remuneration rate. Remuneration rates were defined in the appendices to the EnFV and were adjusted in the amendments. Remuneration rates for photovoltaic systems with an output of 100 kW or more were reduced by 1 centime to 10 centimes/kWh because the investment costs for such plants have decreased. The remuneration rates for geothermal plants were increased by 6.5 centimes/kWh due to new cost data having confirmed increased costs.

For operators liable to pay VAT under Art. 10-13 MWSTG, the feed-in premium has now been reduced by 7.1495 %.

#### *Time extensions*

The assurance of feed-in remuneration depends on an applicant reporting on the project's progress and having started operations. Time limits were defined based on technology-specifications. In the meantime, it has become apparent that these time limits are too short. Hence, they have now been extended. The time limits set for project progress and the start of operations have now been suspended for the duration of planning-, concession- or building appeal procedures.

#### *Hydro-electric plants under previous law*

Hydro-electric plants which were granted feed-in remuneration for significant extensions and upgrades in terms of the Energy Ordinance of 7 December 1998 must achieve a specified minimum production level. The new rules state that if limited production is due to official requirements (e.g., residual flow regulations) the plant will not be excluded from the feed-in remuneration system. Furthermore, if such hydro-electric plants cannot comply with the minimum production requirements for reasons outside of their responsibility (e.g. times of drought), the remuneration will continue to be paid for a third of the period of remuneration. Thereafter, such plants will be excluded from the feed-in remuneration system.

#### *One-time subsidy for photovoltaic installations*

Small photovoltaic installations with less than 100 kW output may apply for a one-time subsidy towards the investment costs of the installation. The one-time subsidy covers a maximum of 30% of the investment costs of a comparable installation (reference installation). The performance contribution for extended and free-standing photovoltaic installations with an output of up to 30 kW has now been decreased to CHF 340/kW (a reduction

of CHF 60). The basic contribution remains unchanged. For integrated photovoltaic installations, the basic contribution was decreased by CHF 50 to CHF 1,550. The performance contribution for small installations was dropped by CHF 80 to CHF 380 and for large installations by CHF 10 to CHF 330.

Because of these reductions, more installations can be funded with a one-time subsidy. The reductions affect smaller installations more severely than large ones since the purpose of the amendment is to encourage the expansion of large plants.

As a result of the repeal of the 15 years waiting period, subsidies for the extension of photovoltaic installations are now immediately available.

## The Energy Ordinance

### *Electricity labelling*

All electricity supply companies which are subject to electricity labelling must now publish the amount of electricity supplied to end consumers by the end of June of the following calendar year under [www.stromkennzeichnung.ch](http://www.stromkennzeichnung.ch). This also applies to publishing the mix of suppliers. However, for the supply year 2018, the deadline has been extended to the end of 2019.

### *Self-consumption: at the production site*

Those who produce their own electricity are entitled to use it. By definition, a production site for self-consumption is not only the property on which the production facilities are situated but also adjoining properties, at least one of which is adjacent to the property on which production takes place. However, now properties separated from one another by a road, a railway line or a water-course are equally counted as adjoining if the respective property owner agrees. This new definition has the potential for very large self-consumption groups (ZEV) being formed on a contractual basis – in competition to local network operators.

### *Requirements for self-consumption groups*

The conditions permitting the creation of self-consumption groups (ZEV) have been extended. To-date, a group was permissible if the production site was able to supply at least 10% of the connected

load of the ZEV. Now the plant must, in addition, be in operation for a minimum of 501 hours per year for its power to be included in the calculation. If the production plant's output falls below 10%, this must be communicated to the network operator three months in advance. In addition, the self-consumption group can only continue if existing participants caused the reduction.

### *Invoicing of lessees/tenants*

Within a self-consumption group, consumption-dependent charging for costs of readings, provision of data, administration and invoicing is no longer mandatory but can now also be prorated. Moreover, lessees/tenants and property owners should now profit from half the savings resulting from the lower cost of self-production compared to the cost of external procurement.

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