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Security of supply - expansion of hydropower in Switzerland

Introduction

The central topic of the forum held by the Swiss Federal Electricity Commission (ElCom) in early November 2021 was once again Switzerland's security of supply with electrical energy.

As is well known, electricity generation in winter is subject to a certain degree of uncertainty. For one thing, renewable energies are not constant and dependence on imports entails risks. In addition, integration into the European electricity market is not foreseeable following the failure of negotiations on a framework agreement. On the other hand, the phase-out of domestic nuclear energy production and the uncertain timing of this pose additional challenges. In addition, the expansion of electricity production in the Swiss energy industry, especially renewable energy plants, has mainly taken place abroad.

Nevertheless, the Memorandum of Understanding (MoU) signed by Switzerland and the so-called Penta countries Belgium, Germany, France, Luxembourg, the Netherlands and Austria at the beginning of December 2021 is intended to pave the way for further cooperation in electricity crisis preparedness. The MoU "*on risk preparedness in the electricity sector*" is intended, among other things, to facilitate the development of solidarity-based measures that could be deployed regionally in the event of a crisis. In this context, a regional crisis is understood to mean that an electricity shortage affects at least two of the penta-countries. However, the concrete cooperation of the penta-countries in this regard has yet to be negotiated. Moreover, even this cooperation does not provide a solution to prevent power shortages in the first place and to ensure security of supply.

Negotiations are also underway at home, and in mid-December 2021, for example, the Round Table on Hydropower adopted a joint declaration.

Round Table on Hydropower

At the invitation of the Swiss Federal Council, the last of three Round Tables on Hydropower was held on December 13, 2021. The participants consisted of representatives of the cantons, the energy sector, environmental and landscape protection, water management, fisheries, etc. They adopted a declaration that identifies 15 hydropower storage projects that are the most promising in terms of energy and at the same time can be implemented with the least possible impact on biodiversity and landscape. Their realization would enable an additional controllable winter production in the amount of about 2 TWh until the year 2040.

In particular, these are the following 15 projects: Chumensee, Gorner'9, Gouggra, Griessee, Lac d'Emosson, Lac des Toules, Mattmarksee, Oberaletsch klein (all in the Canton of Valais), Curnera-Nalps, Lai da Marmorera (Canton of Grisons), Grimsensee, Oberaarsee, Trift (Canton of Bern), Lago del Sambuco (Canton of Ticino) and Reusskaskade (Canton of Uri). Since the declaration and the projects selected therein are only indicative, they are not intended to prejudice any approval procedures or curtail any rights of appeal. Whether the selected projects will ever be realised remains uncertain.

Subsidies for hydropower

For large hydropower plants, the Swiss Federal Office of Energy (SFOE) has selected three projects from the applications received and awarded investment grants totalling 45.4 million Swiss francs in 2021. Allegedly, however, the available funds are not exhausted.

The subsidy of the market premium for Swiss large hydropower plants was extended until the end of 2030 (see ELQ 3/2021). The market premium is intended for the electricity produced, which the large hydropower plants had to sell on the market below the cost price. According to the SFOE, the market premiums 2021 (for the fiscal year 2020) of about 155 million francs will be paid to 30

recipients. This means that the funds available for the market premium have been fully utilized in 2021. In 2020, around 84 million Swiss francs were paid out to 23 recipients for fiscal 2019.

Bottleneck: further measures

Since bottlenecks are already to be feared in the medium term and the hydropower projects necessary from the point of view of security of supply will hardly have been realized by then, the need for action is indicated in the sense of the precautionary principle. At the aforementioned ElCom Forum 2021, it was announced that ElCom would draw up a concept for gas-fired peak-load power plants and submit it to the Federal Council (at that time: end of November 2021). Apparently, this also involves clarifying possible locations for such gas-fired power plants, the capacity to be provided and the possible technologies and fuels. There is also the question of who would have to assume responsibility for operating them. As a bottleneck solution, a gas-fired power plant should basically only be used as a reserve and not be in continuous operation.

Despite uncertain supply forecasts, we wish you good prospects with lots of light for the New Year 2022!

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