



## Energy Components in Swiss Economic Stimulus Package

Switzerland opted for a phased release of economic stimulus packages, depending on the severity of economic recession. Two tranches have been adopted so far, a third one is being pondered.

The **first CHF 340 million** (USD 290 million) package was adopted in November 2008. The **second CHF 700 million** (USD 595 million) package was decided in February 2009. It includes the following energy components:

- **CHF 30 million** (USD 25 million) investment aid for **district heating** systems based on waste heat or renewable sources. These monies are expected to fund 20% of investment costs of DH systems, triggering some CHF 150 million of third-party investment. The measure runs parallel to current legislative efforts to introduce a feed-in tariff for DH from renewable sources, as outlined in the Federal Council's (Government) Renewable Energy Action Plan of February 2008.
- **CHF 10 million** (USD 8.5 million) for a program to **replace electric heating systems** by heat pumps, wood or solar heating systems. Beneficiaries will be single- or dual-family dwellings (holiday homes are excluded), which will receive up to 20% (CHF 8000 on average) of systems replacement costs. These monies are expected to trigger some CHF 50 million of private investment. The measure should help kick-start a program foreseen in the Federal Council's February 2008 Renewable Energy Action Plan aimed at phasing out some 230,000 electric heating systems, which were installed in the 1970s and 80s and which account for 3 TWh (or 5%) of electricity demand. Current replacement rates are very slow (0.6% p.a.). Permanent funding of the program, e.g. through earmarking future CO2-tax revenues, is being debated.
- **CHF 10 million** (USD 8.5 million) for **solar PV systems**. These monies will benefit waitlisted PV projects, which did not qualify for feed-in tariffs in the 2008 application round. Legislation caps feed-in tariffs for PV at 5% of total feed-in tariffs, to prevent costly technologies from draining a disproportionate share of tariffs and jeopardizing overall renewable targets. Because of this cap, some 3000 mostly small (5-6 kW) PV project applications had to be waitlisted. Some 500 to 600 projects will now receive CHF 3500/kW (USD 3000/kW), equivalent to about 30% of investment costs. Recipients will forgo feed-in tariffs for a period equivalent to the disbursed investment aid.

In a separate development, when approving the 2009 budget for the regular "SwissEnergy" program, Parliament increased promotion subsidies for **buildings energy refurbishment** from the initially foreseen CHF 14 million (USD 12 million) to **CHF 100 million** (USD 85 million):



- CHF 18 million will be allocated for a counseling program, including for issuance of buildings certificates.
- CHF 2 million will be seed money for a ten-year national buildings energy refurbishment program to be launched in 2010, in line with the Federal Council's February 2008 Energy Efficiency Action Plan. There is multi-party agreement to ensure the longevity of the currently ramped-up refurbishment effort, possibly through earmarking future CO2-tax revenues.
- CHF 80 million will be disbursed for cantonal programs in 2009, since buildings fall within the legal remit of cantons. In order to qualify for these monies, cantons must provide co-finance in at least the same amount.

All measures are designed for rapid implementation. Monies are to be disbursed in 2009. Attention has been given to multiplier effects and absorptive capacity of industry and trades.

Other measures impacting the energy sector indirectly include fiscal incentives for building refurbishments and increased R&D spending.



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## **Swiss Energy Cooperation with India**

Switzerland's energy cooperation with India is focusing on energy efficiency (industrial processes such as brick manufacturing, and buildings). The Indian partner is the BEE (Bureau of Energy Efficiency).

Another 3-year project (2009-2011) has been launched with NTPC (National Thermal Power Corporation) in the field of small hydro and gasification.