



Media Release

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Scramble for green electricity: Who will get the feed-in remuneration?

Between May and the end of July 2008, some 5,000 applications were received for compensatory feed-in remuneration: testament to the keen interest being shown in this new form of incentive and the potential for green electricity production that it can unleash. swissgrid AG, which is handling the registration process on behalf of the Swiss Federal Government, is currently in the process of issuing the first decisions informing producers whether or not their registered facilities will be able to benefit from the feed-in remuneration from 2009.

Producers of renewable electricity from hydro power (up to 10 Megawatts), photovoltaic energy, wind power, geothermal power and biomass energy as well as biomass waste have been able to register their facilities for the compensatory feed-in remuneration since 1 May 2008. By the end of July the national grid company swissgrid AG, which is handling the registration and decision process on behalf of the Swiss Federal Office of Energy (SFOE), had received some 5,000 applications: 3,500 on 1 and 2 May alone. The number of new applications has now slowed down to around 30 per week.

The application count as at the end of July 2008 is impressive, underscoring the huge interest in this new form of incentive and the potential inherent in electricity production from renewable energies.

Technology	No. of applications received by 31.07.2008	No. of positive decisions (percentage of registered facilities/registered capacity of plants granted entitlement)	Registered capacity of <u>all</u> registered facilities in Kilowatts (kW)
Photovoltaic	4,036/82%	1,177 (29%/21,420kW)	89,042 kW/ 8%
Wind	343/ 7%	343 (100%/656,299kW)	656,299 kW/56%
Hydro (up to 10 MW)	347/ 7%	347 (100%/238,264 kW)	238,264 kW/20%
Biomass	187/ 4%	182 (97%/141,821 kW)	192,821 kW/16%
Geothermal	0	0	0 kW
Total	4,913/100%	2,049 (42%/1,057,804 kW)	1,176,426 kW/100%



In recent weeks swissgrid has been subjecting these applications to a thorough review and evaluation. In the process it identified not only numerous cases of multiple applications for the same plants but also applications for large-scale facilities – particularly wind farms – which have no planning basis or do not comply with the zoning requirements. At present there is no likelihood of such facilities ever being realised, but for the time being they must be taken into account in the feed-in remuneration system – albeit with the appropriate reservations.

First decisions currently being sent out

Following a detailed evaluation of the applications, swissgrid is currently sending out the first decisions informing producers whether their facilities will be entitled to the compensatory feed-in remuneration or whether they are to be put on a waiting list.

Which facilities are entitled to feed-in remuneration?

1. In principle, all correctly registered plants that have been connected to the grid between 1 January 2006 and 30 April 2008 or had been granted a construction permit during this period will receive a positive decision and consequently be eligible for feed-in remuneration.
2. The second criterion is the date of application. For applications submitted on the same date, the largest facility takes precedence over smaller facilities. According to the current evaluation of applications, this criterion applies only to photovoltaic facilities, for which more than 1,000 applications were received within the first two days of the registration process being declared open.
3. As a third criterion, the facility must come within the legally prescribed cost cap for the respective technology (Article 7a, Para. 4 of the Energy Act) and, for photovoltaics, within the annual quota for add-ons (Article 3f of the Energy Ordinance).

Moratorium declared on decisions for photovoltaics

Under the terms of the revised Energy Ordinance, the SFOE is required to define an annual quota for add-ons to photovoltaic facilities based on the cost trend. The aim of defining this annual quota is to ensure ongoing upgrades.

For the start-up phase of the compensatory feed-in remuneration, the SFOE has defined a special add-on quota of 20 MWp for existing facilities. This covers all correctly registered facilities which went into operation between 1 January 2006 and 30 April 2008 or during this period had already been granted a construction permit and obtained the grid operator's approval. The 2008 add-on quota for new facilities which had not been granted a construction permit by 30 April 2008 was set at 5 MWp.

A current analysis of the applications shows that the 2008 annual add-on contingent for new facilities is already used up. The SFOE has therefore declared a moratorium on decisions and instructed swissgrid to issue no more positive decisions for facilities which cannot be included in the annual add-on quota. These facilities will be automatically put on a waiting list.



At present, therefore, the 2008 annual add-on quota can only accommodate photovoltaic plants which went into operation between 1 January 2006 and 30 April 2008 or had already been granted a construction permit during this period, as well as a few of the registered large-scale facilities with a capacity of more than 2 MWp.

Within the next few months the SFOE will define the 2009 add-on contingent, from which facilities on the waiting list will be the first to benefit in order of application date and plant dimensions (in the case of the same application date). In the meantime producers can market their electricity on the free market for green power, for instance via a green energy exchange.

One thing is certain: despite the quota system, the compensatory feed-in remuneration has enabled an increase of around 20 MWp in installed photovoltaic capacity within a very short space of time (compared to the total installed capacity of 22 MWp for 2005).

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