



**Energy**

National Research Programmes 70 and 71

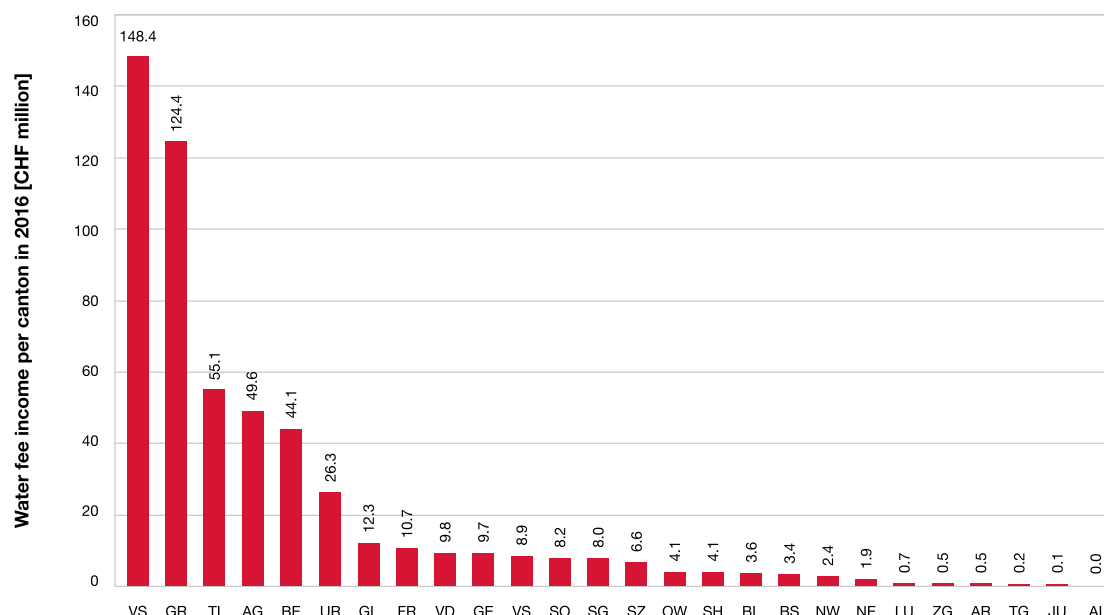
## Card

Water fees, concessions and cantonal finances



# Market    # Costs / benefits

## Water fees, concessions and cantonal finances



**Overview of the income of the cantons from water fees in 2016. The mountain cantons of Valais and Graubünden are the biggest recipients with well in excess of CHF 100 million. Ticino, Aargau, Berne and Glarus receive between CHF 26 million and CHF 55 million a year. Source: Project *"The future of Swiss hydropower"***

Water fees are a remuneration paid by electricity producers to the mountain cantons and municipalities for the use of their water resources. In 2015, these water fees totalled around CHF 560 million. In many places, water fees made up a considerable share of income – in the canton of Uri, for example, which has the highest percentage share, they account for a quarter of cantonal income.

The utilisation of water for the generation of electricity is approved by the cantons; the federal government can, however, define and amend rules and, for example, stipulate a maximum water fee rate. At present, water fees are tied to the gross capacity<sup>1</sup> of a power plant, irrespective of its income situation. The political process aimed at establishing new water fee regulations is currently under way. The burden placed on producers hit by low electricity prices should be eased. As in the past, they should be able to generate a return – only in this way can they deliver dividends to their owners, including the Mittelland cantons, and also make the investments required for Switzerland to preserve the fundamentally important generation of electricity from hydropower.

Various reform options are being discussed. They range from the abolition of the water fees, or their continuation at a reduced rate, to the introduction of a more flexible system under which water fees would be tied to a power plant's income situation.



As no solution is emerging as yet, the Federal Council and parliament have decided to leave the maximum water fee at CHF 110 per kW until the end of 2024. There is still time, therefore, to draw up the new regulations.

New regulations are important, as Swiss companies and politicians will only be able to contribute to shaping development on the European electricity market to a limited extent without an electricity agreement with the EU. Switzerland must therefore focus on those aspects where it can influence the profitability of hydropower<sup>2</sup>: residual flow regulations and water fees.

## Notes and References

1 The gross capacity is calculated on the basis of the drop height and the usable volume of water and should not be confused with the installed capacity of the turbines and generator of a power plant.

2 "Wasserkraft: Wiederherstellung der Wettbewerbsfähigkeit", Whitepaper SCCER CREST, March/2016