

News Release

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Axpo publishes a white paper on the expiry of licences for hydropower stations

In the coming years and decades, the licences for numerous hydropower stations will expire. For local authorities and cantons, as the owners of the water rights, this entails far-reaching decisions regarding reversion, future shareholdings, operation, marketing and risk-bearing. As Switzerland's largest hydropower producer, Axpo has produced a white paper entitled 'Renewal of hydropower concessions: opportunities & challenges'. It serves as an objective guide for local authorities and contains comprehensive background information.

Here's what it's about:

- Almost 60 per cent of domestic electricity generation comes from hydropower. It is therefore central to Switzerland's security of supply.
- As numerous concessions expire, local authorities and cantons can restructure ownership and shareholding arrangements. These decisions will shape operations, value creation and risk allocation for decades to come.
- The expiry of concessions raises complex legal, technical and economic questions. With this white paper, Axpo provides factual and comprehensive background information to enable stakeholders in the hydropower sector to make well-informed and effective decisions.

When a concession expires, the local authority generally has two options: it can exercise its right of reversion and subsequently reallocate the water use rights, or it can waive its right of reversion and renew the concession. In both cases, the future ownership structure can be reorganised. Which of these options is chosen depends on many complex factors. The Axpo White Paper 'Renewal of Hydropower Concessions: Opportunities & Challenges' provides a systematic overview of these key issues facing local authorities and cantons when hydropower concessions expire. It is aimed at the interested public and, in particular, at political decision-makers, and is intended to provide a factual basis for further investigations and decision-making processes.

Opportunities and Risks

The focus is on how local authorities and cantons can shape their future role in relation to hydropower plants. The white paper contrasts reversion with a waiver of reversion and compares different participation models. It demonstrates that greater public participation can enable additional say and a greater share in potential revenues. At the same time, this entails higher financial and market-related risks, capital requirements, as well as operational, technical, regulatory, liability-related and organisational responsibilities.

Profit-sharing is presented as a possible middle ground, which can, for example, be structured on a market basis. It allows the local authority to tailor its participation to its needs and, in addition, to share in the value created by the shares retained by existing partners. At the same time, proven expertise, existing operational structures and synergies are retained. The white paper recommends, in particular, early planning, a realistic assessment of one's own financial and human resource capabilities, appropriate risk diversification, the examination of partnership models, and clear and transparent governance structures.

'Concession renewals are decisions that affect future generations. Our aim is to provide municipalities and cantons with a robust foundation so that they can carefully weigh up the opportunities and risks of the various models,' says Viktor Lir, Head of Asset Management for Hydropower & Biomass and co-author of the white paper.

Note for editorial teams

- **Concessions for hydropower stations:** In Switzerland, operators of hydropower stations require a cantonal or municipal concession (water rights concession) to use public water for electricity generation. Under federal law, the maximum term of such a concession is 80 years. In the coming decades, many of these licences will expire, which may lead to significant changes in ownership and shareholding structures.

The [white paper 'Renewal of Hydropower Licences: Opportunities & Challenges'](#) is available in German, French, Italian and Romansh.