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# Voters adopt new Climate and Innovation Act

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## Introduction

On 18 June 2023, the Swiss electorate voted in favour of the Federal Act on Climate Protection Targets, Innovation and Strengthening Energy Security (Climate and Innovation Act), which is the indirect counterproposal from Parliament to the Glacier Initiative. The Climate and Innovation Act contains provisions aimed at reducing oil and gas consumption and increasing energy production in Switzerland. The most important objectives and targets set out in the Climate and Innovation Act cover a timeline that expands until 2050. Of particular note is that Switzerland is to become climate neutral by 2050.

## Key elements

### **Reducing greenhouse gas emissions**

The provisions set out in the Climate and Innovation Act provide for a shift from fossil fuels towards renewable fuel sources. The aim is to reduce the use of fossil fuels by around one-third by 2030 and to cut greenhouse gas emissions by 75% by 2040. By 2050, greenhouse gas emissions in Switzerland should reach net zero. After 2050, more greenhouse gases should be removed from the atmosphere than Switzerland emits.

Oil and gas as fuel sources are to be replaced by renewable, climate-friendly energies that Switzerland does not need to import. At present, Switzerland imports around three-quarters of its energy. It is particularly dependent on imports of fossil fuels such as petrol, heating oil and natural gas. The Climate and Innovation Act therefore not only aims to reduce greenhouse gas emissions by reducing the consumption of fossil fuels, but also to improve security of supply.

In areas where greenhouse gas emissions cannot be completely avoided, such as in agriculture, at cement-manufacturing plants and waste incineration plants, carbon storage solutions are to be used to offset the remaining greenhouse gas emissions.

### **Support for homeowners**

The Climate and Innovation Act creates the legal basis to support the population in switching from fossil fuels to climate-friendly heating systems. By 2050, all buildings should be equipped with renewable heating systems. There are currently around 900,000 oil and gas heating systems in use. These heating systems are responsible for around a quarter of the greenhouse gas emissions in Switzerland.

Inefficient electric heating systems will also be replaced. These consume around 10% of Switzerland's electricity in winter. Replacing electric heating systems will improve security of supply, especially in winter when energy is already in short supply.

Pursuant to the Climate and Innovation Act, the federal government may grant subsidies of 200 million Swiss francs (approximately £174,000,000) annually over the next ten years to replace inefficient electric heating systems and oil and gas heating systems. By 2050, the aim is to replace, with the help of the subsidies, the affected heating systems as completely as possible with more climate-friendly heating systems, such as heat pumps or wood-fired heating systems. In addition, subsidies can also be granted to improve the insulation of buildings.

It should be noted that the Climate and Innovation Act does not generally ban oil, gas or inefficient electric heating systems. Rather, the switch to more climate-friendly alternatives is to be achieved through financial support for homeowners.

### **Support for businesses**

In addition to these adjustments in the private sector, the Climate and Innovation Act stipulates that all companies must be climate-neutral by 2050 at the latest. To achieve this goal, companies can draw up so-called "roadmaps". The Climate and Innovation Act enables the federal government to provide expert advice to companies that have drawn up their roadmaps by 2029. Furthermore, the federal government can provide financial support of up to 200 million Swiss francs (approximately £174,000,000) per year until 2030 for companies' use of innovative, climate-friendly technologies and processes when implementing their roadmaps.

## Implementation

### **Federal and cantonal tasks**

With the adoption of the Climate and Innovation Act, the federal government and the cantons will be obliged to take measures to adapt to climate change, as certain consequences of climate change can no longer be prevented. These may include measures such as improved flood protection, more green spaces in urban areas and better management of water resources. Protective structures against landslides and local water reservoirs to cope with dry periods are also possible measures.

Moreover, the Climate and Innovation Act stipulates that the federal government must ensure that the flow of financial resources in the financial sector is climate-friendly and that the Swiss financial centre makes an effective contribution to develop to a low-emission scenario capable of withstanding climate change.

### **Further measures**

The Climate and Innovation Act does not increase CO2 taxes on fossil fuels, nor does it introduce any other new taxes. As the Climate and Innovation Act creates a framework for Swiss climate policy, further measures to achieve the climate goals will have to be laid down in separate laws, such as the CO2 Act or in the Energy and Agriculture Acts. This ensures the democratic support of further measures and allows for the consideration of new technological developments.

### **Comment**

The current vote was a result of a referendum that was taken against the Climate and Innovation Act. The main points of criticism had been the following:

- questionable security of supply with electrical energy in view of the increasing demand caused by the measures of the law;
- lack of clarity as to whether and how the defined goals can be achieved; and
- high costs of the implementation of the law.

However, the adoption of the Climate and Innovation Act is an important step for Switzerland's climate protection measures. As recently as 2021, voters had rejected three environmental bills, including a revision of the CO2 Act, which would have allowed Switzerland to reinforce its current climate policy (for further details please see "[Voters reject three environmental bills](#)").

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