



Schweizerische Eidgenossenschaft
Confédération suisse
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Federal Department of the Environment, Transport,
Energy and Communications DETEC

Bundesamt für Energie BFE
Erneuerbare Energie

Guidelines April 2025

Promotion of biomethane plants

Guidelines

Publisher:

Swiss Federal Office of Energy SFOE

3003 Bern, Switzerland

www.bfe.admin.ch



BFE-D-D8FE3401/367

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1. INTRODUCTION

The Federal Act of 1 January 2025 on the Reduction of CO₂ Emissions (CO₂ Act; SR 641.71) introduces a new instrument for promoting the production of renewable gases under Article 34a paragraph 1 letter d. Eligibility for funding and the amount of the contribution are set out in Articles 113d to 113f of the Ordinance on the Reduction of CO₂ Emissions (CO₂ Ordinance; SR 641.711). The provisions of the Subsidies Act of 5 October 1990 (SubA; SR 616.1) and the Administrative Procedure Act of 20 December 1968 (APA; SR 172.021) also apply.

These guidelines set out the detailed provisions relating to the funding instrument. It is subordinate to the provisions of the Act and the Ordinance.

2. BASIC PRINCIPLES

2.1 Plants eligible for funding

Funding is available for new biomethane plants and major extensions to existing plants (Art. 113d para. 1 CO₂ Ordinance). Biomethane plants are biogas facilities that upgrade their gas to grid-injection quality – i.e. biomethane – and either feed it into the gas network or use it locally as fuel.

2.2 New plants and major extensions

A **new plant** is defined as a facility that meets one of the following conditions (Art.113d para. 2 CO₂ Ordinance):

- No biomethane plant or components thereof previously existed at this location. The same location is deemed to include the parcel itself or, where contextually appropriate, neighbouring parcels in sufficiently close proximity.
- An existing plant is fully replaced. A full replacement is deemed to have taken place when the required investment is approximately equivalent to that for a comparable, genuinely new plant. Any remaining components must be of only minor significance. The SFOE decides whether a full replacement has taken place, after consulting the applicant.
- An existing biogas plant is converted from electricity production to primarily biomethane production. Continued electricity and heat production remains possible, particularly for own use. Restrictions on funding in such cases are described in Section 2.3.

A **major extension** is defined as a structural modification that increases gross energy production by at least 25 per cent compared with the average output of the past three full years of operation (Art. 113d para. 3 CO₂ Ordinance). If three full years of operation are not yet available, no investment contribution will be granted.

If an electricity-generating biogas plant is **both significantly expanded and converted to biomethane production**, the applicant may **choose** whether the project is treated as a new plant or a major extension. In the case of a major extension, the 'original capacity' used to calculate the level of funding is based on the capacity of the existing combined heat and power (CHP) unit.

2.3 Combination of funding sources

The investment contribution for biomethane plants may be combined with:

- Cantonal or communal funding;
- Private-sector funding (e.g. the VSG Biogas Fund).

The investment contribution for biomethane plants may **not** be combined with:

- Federal-level funding received in the past **10 years** for the same project (Art. 113d para. 5 CO₂ Ordinance), including:

- Investment contributions (under the Energy Act, CO₂ Act or Climate Innovation Act (CIA));
- Contributions for research or pilot and development (P&D) projects.
- Feed-in tariffs, operating cost contributions or sliding market premiums.

An investment contribution becomes available when a plant opts out of feed-in tariffs, operating cost contributions and sliding market premiums. It must be noted, however, that the plant **may not then make use of these instruments for the next 10 years**. Otherwise, the investment contribution must be repaid in full or in part.

3. APPLICATION PROCESS

3.1 Submitting an application

Applications must be submitted to the SFOE, taking the following requirements into account:

- Only the plant owner is authorised to submit an application.
- Funding is available only for future investments. The application must be submitted before construction begins.
- An application may only be submitted once a legally binding construction permit has been granted. Projects that do not require a permit must be ready for construction.
- Construction may only begin once preliminary funding approval has been granted; however, it is possible to request an early start via the application form.
- Applications must be legally signed by the owner – either manually (original hard copy) or with a qualified electronic signature.
- The preferred format for submitting application forms and attachments is via the general [SFOE online submission form](#) with an electronic signature. Alternatively, the signed application form may be submitted by post (with the remaining documents included on an electronic storage device) to the following address: *Swiss Federal Office of Energy SFOE, Biomethane Investment Contribution, Renewable Energies Section, 3003 Bern, Switzerland*.
- Applications must be complete. Incomplete applications will be rejected and must be resubmitted.
- The date of submission is deemed to be either the date of e-submission or the postmark date of the **complete** application.

A complete application must include the following:

- A fully completed and legally signed application form.
- A project description containing at least the following sections:
 - Initial situation;
 - Substrates, gas yield and planned biomethane production;
 - Plant description;
 - Own calculation of the investment contribution.
- A site overview plan.
- A breakdown of eligible costs, supported by quotations (in the case of extensions, at least 80% must be documented), in Excel format. A template is provided by the SFOE.

Incoming applications are checked for completeness. If all required documents are present, the applicant receives an acknowledgement of receipt. An application is only considered submitted once this acknowledgement has been issued.

3.2 Receiving preliminary funding approval

If the eligibility criteria are likely to be met and sufficient funding is available, the SFOE issues a formal decision granting preliminary funding approval, including the expected and maximum amount of the investment contribution.

The preliminary funding approval applies to the plant described in the application and is based on the planned capacity of the upgrading facility. Significant changes to the project must be discussed with the SFOE in advance to determine whether the approval remains valid.

3.3 Reporting the start of construction and commissioning

The start of construction and commissioning must be reported to the SFOE. The notification must include the respective dates and any changes compared with the information provided in the application (e.g. changes to plant capacity or timelines). A form is provided by the SFOE for this purpose.

3.4 Submitting a project completion report

For new plants:

A project completion report must be submitted to the SFOE no later than 6 months after commissioning. This report provides the verified data for the funded plant. It must include the following information and documents:

- a. Commissioning date;
- b. Changes compared with the application;
- c. Copy of the permit issued by the Federal Office for Customs and Border Security (FOCBS);
- d. Copy of the commissioning protocol and a performance test conducted by an accredited body;
- e. Final construction cost statement (a breakdown of actual costs with supporting invoices).

For extensions:

A project completion report must be submitted to the SFOE no later than 18 months after commissioning. This report provides the verified data for the funded plant. It must include the following information and documents:

- a. Commissioning date;
- b. Changes compared with the application;
- c. Copy of the commissioning protocol and a performance test (conducted by an accredited body);
- d. Production data from 12 consecutive months demonstrating that the required increase in output of at least 25% has been achieved.
- e. Final construction cost statement (a breakdown of actual costs with supporting invoices).

3.5 Confirming the final investment contribution

Based on the project completion report, the SFOE issues a formal decision confirming the final funding amount. The maximum contribution specified in the preliminary funding approval may not be exceeded. If the report shows that the eligibility criteria are not met or that the plant does not match the details provided in the application, the right to funding lapses. Any payments already made must be repaid.

4. FURTHER INFORMATION

4.1 Priority criteria

Funding for this instrument is limited. If a funding shortfall is anticipated, applications will be prioritised as follows:

1. Plants feeding into the grid take precedence over those that do not.
2. Plants with higher capacity take precedence over those with lower capacity.
3. Newly built plants take precedence over conversions or full replacements.

Applications for which insufficient funds are available will be rejected. There is no waiting list; a new application may be submitted the following year.

4.2 Early start of construction

The SFOE may approve an early start of construction if waiting for the preliminary funding approval would cause significant disadvantages. The decision is communicated together with the acknowledgement of receipt. Construction may not begin before this point; otherwise, the right to funding lapses. This approval does not constitute any entitlement to an investment contribution.

4.3 Disbursement of the investment contribution

The payment decision includes a payment schedule. As a rule, the investment contribution is paid out in two to three instalments. Each payment is tied to a project milestone. The first instalment is paid at the start of construction, and the final instalment after the investment contribution has been confirmed (on the basis of the project completion report). Additional conditions for disbursement may be defined in the decision (e.g. submission of supporting documents).

Restrictions may be defined in the funding decision that apply in the event of a reduction in available funds by the Federal Council or Parliament. These restrictions may also apply to contributions that have already been approved but not yet paid out.

4.4 Eligible costs

Eligible costs notably include planning, construction and project management costs, provided they:

- a. are directly related to the plant's biomethane production;
- b. Are necessary, efficient and reasonable.

If the SFOE considers certain costs to be unnecessary, inefficient or unreasonable, the relevant cost items will be reduced accordingly. Planning and project management costs are recognised up to a maximum of 15 per cent of the eligible construction costs. In-house work may be recognised at an industry-standard hourly rate and up to a maximum of CHF 30,000, provided it is itemised in detail and justified. Time sheets must be submitted with the project completion report to be considered eligible.

The following are not eligible for funding (list not exhaustive):

- Land acquisition costs
- Roads and parking areas
- Vehicles
- Landscaping concepts and external works
- Value added tax

For agricultural operations: Costs for components that are part of the biomethane plant but also required for regular farm use may be recognised at a maximum of 50% (e.g. slurry/digestate storage).

4.5 Deadlines and extensions

The preliminary funding approval includes a deadline for commissioning the plant. This deadline is a maximum of three years from the date of the preliminary funding decision. If the deadline is missed, the right to funding lapses and any payments already made must be repaid.

If the applicant is unable to meet the deadline for reasons beyond their control, the SFOE may grant an extension upon request. Deadlines for notifications may also be extended upon request, provided a sufficient justification is submitted.

The request for an extension must be submitted in writing **before the deadline expires**.

4.6 Operation requirements

A plant that has received an investment contribution must be maintained for at least 10 years from commissioning – or from the date of a major extension – to ensure regular operation. This means the plant must be operated as described in the application. Any significant changes to the plant during this period must be reported to the SFOE. For example, if the plant switches primarily to electricity production after 6 years, the investment contribution must be repaid in full or in part.

4.7 Incorrect or incomplete information

Applications containing seriously incorrect or incomplete information will be rejected. In most cases, the application can be resubmitted once the issue has been corrected; however, if false information was knowingly provided or relevant details were withheld (e.g. failure to disclose financial support), the plant will be permanently excluded from funding. Any contributions already paid out must be repaid.

5. FAQs

- *What is considered the start of construction?*

Construction is deemed to have started once work begins on site – for example, the first spade in the ground. Ordering plant components does not count as the start of construction. Responsibility for any related risks lies solely with the plant owner, and such actions do not establish any entitlement to funding.

- *Are heat pumps considered renewable heat sources?*

Heat pumps are not considered renewable by default – they must be powered by renewable electricity. A heat pump qualifies as renewable if, for example, a PV system covers the annual electricity demand, or if certified renewable electricity is purchased. Proof of this must be submitted.

- *Why do biomethane plants at waste water treatment plants only receive 15% funding?*

Different system boundaries apply for sewage gas plants (in line with funding for electricity-generating biomass plants). Gas *production* – i.e. sludge digestion – is not eligible for funding, as it is considered part of waste water treatment. Only the gas *upgrading* process is funded.

- *Why do biogas plants that switch from electricity to biomethane production only receive 15% funding?*

As with sewage gas plants, only the gas *upgrading* process is funded in this case. The gas *production* infrastructure already exists at the time of the switch.

- *What if the production and upgrading facilities are owned by different entities?*

Two separate applications may be submitted, with a note indicating that both are part of the same plant. The investment contribution is calculated for the entire plant then split accordingly.