

Tariff fact sheet

Version 1 of 22nd March 2022

1 Initial situation

The Swiss transmission grid is one of the most secure and reliable electricity grids in the world. It forms the backbone of our electricity supply. It is also a key success factor for achieving the goals of the Confederation's energy and climate strategy. The extra-high-voltage grid therefore makes an important contribution to ensuring the prosperity and development of our society, both now and in the future.

The electricity industry's value chain can basically be divided into the following areas: electricity generation, electricity transmission and electricity consumption. As the national grid company, Swissgrid is responsible for the transmission of electricity. It is the owner of the extra-high-voltage grid and is in charge of its operation, maintenance and modernisation.

There is a natural monopoly in the area of electricity transmission. This has been structured as a legal monopoly by the legislator based on the Electricity Supply Act (StromVG) and the Electricity Supply Ordinance (StromVV). Swissgrid's legal mandate and business activities expose the company to costs that it can pass on to the lower grid levels and end consumers in the form of tariffs.

2 Tariff calculation, surpluses and deficits

Swissgrid announces the tariffs for the following year each spring. This means that the tariffs are always calculated in advance and remain constant for the entire year. The distribution system operators then define their respective tariffs for the coming year based on Swissgrid's tariffs.

Swissgrid calculates the necessary tariff revenues for the next year on the basis of assumptions about expected costs and revenues. In doing so, it also relies on the price trends forecast for the international electricity markets. In reality, costs and revenues may deviate from these assumptions, for example if Swissgrid makes faster or slower progress than expected on construction projects or if prices on the international electricity markets change. Swissgrid eliminates the differences resulting from these deviations, referred to as volume- and tariff-related timing differences, over the following years in accordance with the regulatory requirements.

If effective costs exceed the tariff revenues for the same year, this results in a deficit. The elimination of a deficit leads to an increase in tariffs in subsequent years, as Swissgrid has generated less revenue than was actually necessary. If, on the other hand, Swissgrid receives more revenue than necessary, this results in a surplus that must be eliminated over subsequent years by reducing tariffs. Consequently, Swissgrid does not make a profit from excessive tariff revenues.

3 Efficiency

Swissgrid's tariffs account for only a small proportion of consumers' electricity bills. For a household with an annual electricity consumption of 4,500 kWh, the tariffs represent an average of five to ten percent of annual electricity costs. Nevertheless, Swissgrid always strives to keep costs as low as possible. It does this firstly by trying to limit its operating costs. Secondly, Swissgrid has developed the control power market nationally and internationally in recent years, increasing liquidity as a result.

4 Different tariff categories

The tariffs charged by Swissgrid cover expenditure for grid usage and ancillary services.

4.1 General and individual ancillary services

The majority of the costs for ancillary services are incurred through the provision of control power. Power plants are remunerated for reserving power for Swissgrid that can be activated at short notice. Swissgrid uses the control energy made available by the power plants to balance short-term differences between electricity generation and consumption.

Individual ancillary services include tariffs for compensating active power loss and for voltage maintenance.

The tariffs for ancillary services are largely driven by developments that are beyond Swissgrid's control. Price trends on the international electricity markets are the main driver for these costs.

4.2 Grid usage tariffs

The grid usage tariffs make up the largest proportion of Swissgrid's expenses. They cover the costs of renewal, expansion and maintenance of the transmission grid, as well as of operations and monitoring via the control centres. As stipulated in the Electricity Supply Ordinance, Swissgrid divides these costs into a working tariff, a power tariff and a fixed basic tariff per weighted outflow point, and bills them to distribution system operators that are directly connected to the transmission grid. In turn, they calculate their own tariffs based on their grid costs and Swissgrid's grid usage tariffs. For end consumers such as private households, this means that electricity tariffs often vary by distribution system operator.

Swissgrid is entitled to use part of the income from the auctioning of cross-border capacities to reduce tariff-determining costs. According to the regulator, Swissgrid must invest the majority of this revenue in the transmission grid.

5 Regulator

The Federal Electricity Commission (EiCom) is the independent state regulatory authority in the electricity industry. It oversees compliance with the Electricity Supply Act and the Electricity Supply Ordinance. EiCom also decides which costs Swissgrid may pass on in the form of tariffs. The chargeability of costs is verified ex post. Supervision by EiCom thereby ensures that grid operators comply with the legal requirement to guarantee a secure, high-performance and efficient grid.

6 Further information

- Swissgrid's electricity price page: [Electricity price \(swissgrid.ch\)](https://www.swissgrid.ch/en/electricity-price)
- Regulatory business model page: [Regulatory business model \(swissgrid.ch\)](https://www.swissgrid.ch/en/regulatory-business-model)