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Block 1 «Changes in political framework conditions»

# The political framework conditions in Europe

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# Arguments and structure

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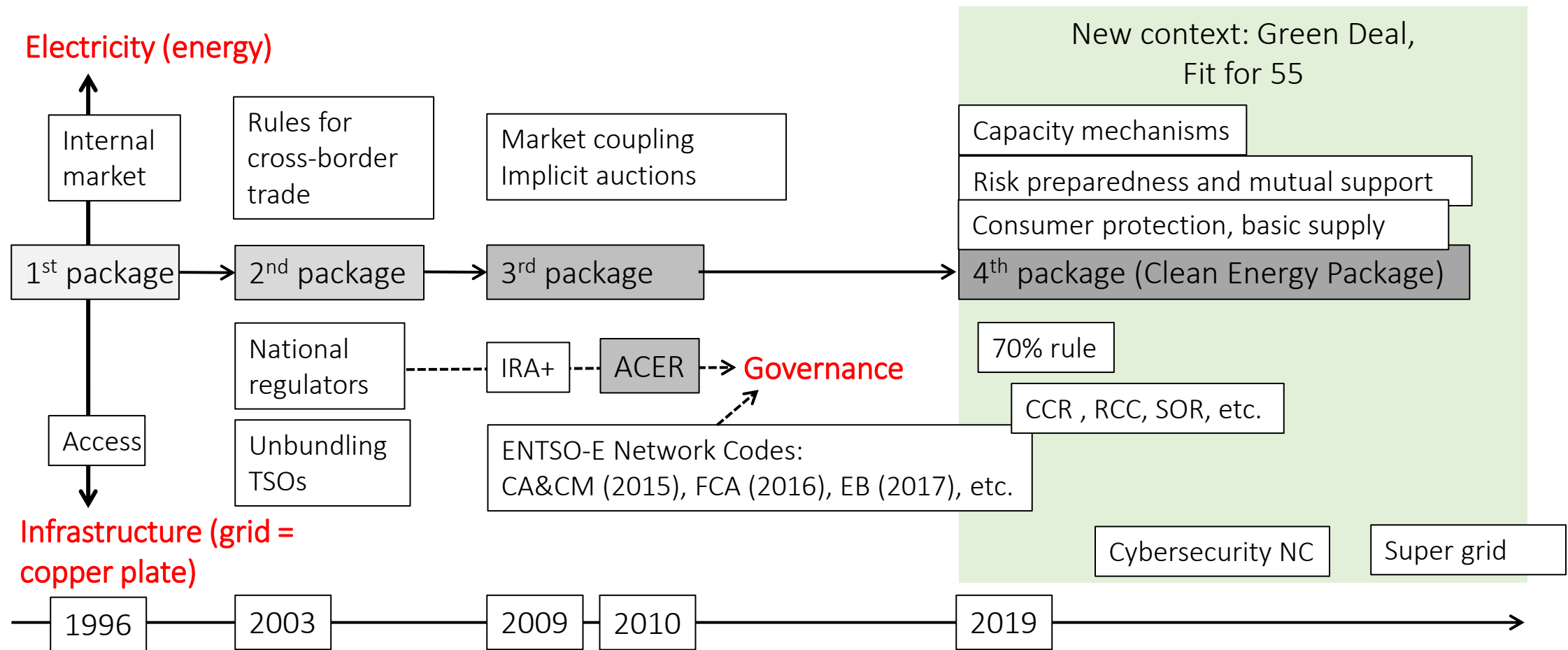
- In the EU, the creation of the internal electricity market (deregulation and re-regulation) has been ongoing for 30 years; this process deepens and accelerates with each crisis, **particularly in the last five years (climate crisis)**
- Switzerland is «moving at its own pace» and does not really seem to be aware of the dynamics underway in the EU
- This is resulting in a growing time lag, which is detrimental to the stability of our grid, security of our supply and, ultimately, the country's competitiveness
- Self-sufficiency (when it comes to electricity) is an illusion

# EU, the recent context: climate and energy

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- Green Deal (2019) = flagship initiative to make the EU climate-neutral by 2050 (*55% reduction in greenhouse gas emissions by 2030*), plus: circular economy, agriculture, biodiversity, etc.
- Fit for 55 Package (2021) = implementation of the Green Deal:
  - ETS (Emission Trading System): extension to aviation and maritime sectors
  - ESR (Effort Sharing Regulation): binding targets for Member States in sectors not covered by the ETS
  - CBAM (Carbon Border Adjustment Mechanism): tax for preventing carbon leakage
- Clean Energy Package (2019)
  - RED (Renewable Energy Directive: 32% share of renewables by 2030), EED (Energy Efficiency Directive: efficiency gains of 32.5% by 2030), NECP (National Energy and Climate Plans for 2021–2030)
  - **the liberalisation and regulation of the electricity market (grid and trade) must now be put into the new context of the Green Deal (4th package)**
- Plus: Taxonomy, Sustainable Finance, Sustainable and Smart Mobility Strategy, Hydrogen Strategy, Alternative Fuels Infrastructure Regulation, etc.

# EU, the process: from electricity to energy



# Focus on Switzerland

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- An ideal starting point: «Stern von Laufenburg» → 41 interconnections, a good business model
- A hesitant liberalisation process: highly fragmented industrial structure, initially no TSO, referendum against the EMG/LME, no bilateral agreement
- Increasing institutional isolation: non-participation in the bodies involved in building a European electricity industry (ACER, ENTSO-E), not to mention the COM, the Council and Parliament
- On the other hand, growth in demand, without corresponding investment, especially in renewable production and more generally in the energy transition
- A growing gap between the dynamics of European institutions and the slow and difficult evolution of Swiss institutions

Thank you for your attention