

Press release

Place, date Laufenburg, 30 April 2015
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The Swiss transmission grid gets fit for the future of energy

At its annual media conference Swissgrid, the Swiss transmission system operator, announced some very respectable business figures, with earnings amounting to CHF 141.4 million. The «Strategic Grid 2025» report was also presented. All in all, fewer lines have to be modified, developed and built anew than was foreseen in earlier grid planning. Necessary investments in the next ten years will amount to around CHF 2.5 billion.

The grid must change when the electricity system changes. For this reason, Swissgrid has re-evaluated all its projects to date and is making a proposal about what the grid of the future might look like under current conditions. The «Strategic Grid 2025» report now indicates which projects are to be constructed, in the view of Swissgrid, and why. In the context of the realignment of the electricity supply in Switzerland and in Europe, these projects assume crucial significance.

Less construction than originally planned

The previously applicable planning guideline was «Strategic Grid 2015», which the Federal Council passed in 2009. But assumptions were made at that time on the basis of entirely different scenarios from today.

This is why this report, «Strategic Grid 2025», puts forward a proposal for the grid which Swissgrid considers to be necessary in the next ten years – taking into account the requirements of both the current political circumstances and those of improved security of supply. The focus is on 13 construction projects. Nine of them are important and make good economic sense from a technical point of view for Swiss security of supply. Four projects are necessary as a result of the connection demands of distribution system operators or for legal reasons. Swissgrid has also examined three further projects which are not technically necessary from the Swiss perspective, but which will have to be discussed and evaluated in a pan-European context. On the other hand there are eight projects from «Strategic Grid 2015» which are to be pursued no further. (See separate press release).

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Swissgrid CEO Pierre-Alain Graf makes it quite clear: «We are not building a grid as a back-up. But what we are now proposing is needed for our security of supply.» Graf goes on to explain the efforts that Swissgrid has made to ensure secure grid operations and to constantly improve the efficiency of the transmission system. Integration into the European power market is therefore important here too.

The regulated Swissgrid business model

As owner of the transmission grid Swissgrid has a natural monopoly and for this reason finds itself in a strictly regulated environment. The company has to guarantee the uninterrupted and efficient transport of electricity and to enable all market participants to access the required electricity transport capacity with no discrimination. In return, it is permitted to earn a profit set by the Electricity Supply Act (Regulated Asset Base multiplied by the Weighted Average Cost of Capital (WACC)). If the planned costs included in the tariffs differ from the actually incurred costs, this difference is balanced out again by means of the tariffs in subsequent years. For this reason, the success of Swissgrid is not measured by the highest possible revenues but by the constant improvement of efficiency.

According to CFO Luca Baroni, the financial benchmarks, including the income statement, the balance sheet, the cash flow statement and the statement of changes in shareholders' equity, reflect overall the consolidation and optimisation of activities in 2014. In addition to the takeover of further parts of the transmission grid, these include the wide-ranging work in the area of grid and company projects, as well as the enduring efforts to further reduce procurement and operating costs and introduce greater flexibility. This is also illustrated in a consistent tariff policy, which is capable of keeping the financial burden on consumers as constant as possible across all tariff groups. With Swissgrid's stable business model, any upward and downward deviations are only the result of special effects, such as legal rulings in the ongoing Energy Supply Act proceedings. Evidence of the stability of Swissgrid's business model is also provided by the fact that the

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company can currently refinance on very good terms on the credit and capital market, and also has a good bank rating.

At CHF 141.4 million, the earnings before interest and tax (EBIT) in the year under review are slightly above the previous year's figure of CHF 137.1 million. On the other hand the net income of CHF 80.5 is significantly above the 2013 figure (CHF 50.8 million), which was burdened by deferred taxes to be accounted for in 2013, amounting to CHF 37.5 million.

As a result of the takeover of further sections of the transmission grid at the start of the current year, the operating assets have again been considerably increased in 2015, which, other things being equal, will have a positive effect on the EBIT. Uncertainty still persists regarding the fixing of the definitive transaction value for the elements of the transmission grid transferred at the start of 2013, 2014 and 2015 and of the associated regulatory asset value.

http://www.swissgrid.ch/dam/swissgrid/company/investor_relations/financial_reports/de/Finanzbericht_2014.pdf

<http://www.swissgrid.ch/grid2025>

For more information: media@swissgrid.ch or phone +41 58 580 24 00.

Powering the future – Swissgrid is the National Grid Company. As the owner of the Swiss extra-high-voltage grid, it is responsible for operating the grid safely and without discrimination and for maintaining, modernising and expanding the extra-high-voltage grid efficiently and with respect for the environment. Swissgrid employs over 430 highly skilled persons from 22 countries at its sites in Frick, Laufenburg, Uznach, Landquart, Ostermundigen, Prilly and Castione. As a member of the European Network of Transmission System Operators for Electricity (ENTSO-E), it is also responsible for grid planning, system management and market design in the cross-border exchange of electricity in Europe. Multiple Swiss electricity companies jointly hold the entire share capital of Swissgrid.