

Media release

Ad hoc announcement pursuant to Art. 53 LR
22 March 2022

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Rising prices on European electricity markets will lead to higher tariffs in 2023

The tariffs for the transmission grid are set to increase in 2023. This is mainly triggered by a marked increase in prices on the electricity markets. A household with an annual consumption of 4,500 kWh will pay an average of CHF 70 for Swissgrid's services in 2023. This amounts to around 8 percent of its annual electricity costs.

The tariffs charged by Swissgrid cover expenditure for grid usage and for ancillary services. The tariffs for general ancillary services and active power loss will rise sharply because they are subject to price trends on the international electricity markets. The increase in the tariffs for grid usage is due to the regulatory requirements and the completed takeover of the grid infrastructure. By contrast, the tariff for reactive energy will decrease slightly. Revenue from grid usage tariffs is used to finance the modernisation of the transmission grid, which will play an important role in ensuring the success of the energy transition.

In 2023, a household with an annual consumption of 4,500 kWh will therefore pay an average of CHF 70 for the services provided by the national grid company. This equates to around 8 percent of a household's total annual electricity costs. This means that the average financial burden on electricity consumers for the Swiss transmission grid will increase significantly overall (2022: CHF 50).

Swissgrid is consistently focussed on keeping the financial burden on electricity consumers as low as possible. In recent years, the company has succeeded in constantly developing the product range in the control power market. This improves liquidity in the market and leads to greater security in grid operation. However, integration into the EU's control energy platforms is increasingly being called into question due to the lack of an electricity agreement.

Swissgrid bills the tariffs for grid usage and individual ancillary services to distribution system operators that are directly connected to the transmission grid. On the basis of Swissgrid's tariffs and their own grid costs, these operators in turn calculate the tariffs for their end consumers. Consequently, these tariffs may vary depending on the tariff structure applied by the distribution system operator.

Higher tariffs for general ancillary services and active power loss

The tariff for general ancillary services will increase to 0.46 cents per kWh (2022: 0.16 cents). Due to the expected prices on the European electricity markets, Swissgrid anticipates significantly higher procurement costs for the provision of control power. In addition, Swissgrid

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needs to eliminate a deficit which is also largely attributable to the sharp rise in electricity market prices. At the time of the tariff calculation for 2023, Swissgrid assumes that prices will remain at broadly the same very high level of the last few months.

In the Individual Ancillary Services Division, the tariff for active power loss will increase in comparison with the current year to 0.30 cents per kWh (2022: 0.14 cents). This is again due to the sharp climb in procurement costs forecast in a high-price market environment.

Lower tariff for reactive energy (individual ancillary service)

The tariff for reactive energy will fall to 1.60 cents per kvarh (2022: 1.64 cents). This is due not least to the new voltage support concept introduced by Swissgrid in 2020, which gives active participants even greater motivation to act in a way that is beneficial to the system.

Slightly higher tariffs for grid usage

The tariffs for grid usage include a working tariff, a power tariff and a fixed basic tariff per weighted outflow point. All three will rise slightly in 2023 compared to the current year due to the regulatory requirements and the completed takeover of the grid infrastructure. The tariffs for grid usage are used to finance the modernisation and maintenance of the transmission grid. This forms the backbone of a secure electricity supply in Switzerland. The Swiss transmission grid is one of the most secure and reliable electricity grids in the world.

Ancillary services tariffs

Ancillary service tariffs cover the costs of general and individual ancillary services. The costs of provisioning control power, for example, fall under the heading of general ancillary services. 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, in particular, the tariffs for compensating active power losses and delivering reactive energy.

Grid usage tariff

The grid usage tariff covers the costs of renewing, expanding, maintaining, operating and monitoring the transmission grid. Swissgrid calculates each tariff based on forecasts. There is a working tariff, a power tariff and a fixed basic tariff per weighted outflow point.

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Surpluses and deficits

Surpluses and deficits can occur because Swissgrid determines its tariffs in advance on the basis of budget figures. Within the financial year concerned, the actual costs and income regularly differ from the budgeted figures. Swissgrid must balance out these differences – surpluses or deficits – within a certain timeframe in accordance with the regulatory requirements.

Passing on Swissgrid tariffs

Swissgrid bills the general ancillary services tariff to all distribution grid operators. They pass it on to their end consumers. Swissgrid bills the tariffs for grid usage and individual ancillary services to distribution grid operators that are directly connected to the transmission grid. On the basis of the tariffs Swissgrid has passed on and their own grid costs, these operators in turn calculate the tariffs for their end consumers. Consequently, these tariffs may vary depending on the distribution grid operator.

For more information, visit media@swissgrid.ch or call +41 58 580 31 00.

Powering the future

Swissgrid is the national grid company. As the owner of Switzerland's extra-high-voltage grid, it is responsible for operating the grid safely and without discrimination and for maintaining, modernising and expanding the grid efficiently and with respect for the environment. Swissgrid has about 600 highly qualified people from 22 countries at its sites in Aarau, Prilly, Castione, Landquart, Laufenburg, Ostermundigen and Uznach. 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 European exchange of electricity. The majority of Swissgrid's share capital is jointly held by various Swiss electricity companies.