

Media release
22 March 2023

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Ad hoc announcement pursuant to Art. 53 LR

Price trends on power markets and the federal government's power reserve lead to higher tariffs; increase in ancillary services and active power loss; tariffs for grid usage and reactive energy remain constant

In a challenging environment, tariffs for grid usage and reactive energy remain stable. Overall, however, the tariffs for the transmission system will increase significantly in 2024. This increase is being triggered by exogenous factors beyond Swissgrid's control, the main one being price distortions on the power markets. A household with an annual consumption of 4,500 kWh will pay an average of CHF 92 for Swissgrid services in 2024. This amounts to 7 percent of its annual electricity costs. For the first time, Swissgrid will also pass on the costs of the federal government's power reserves to electricity consumers in 2024. For an average household, this new tariff amounts to an additional CHF 54.

Swissgrid uses the tariffs to finance the secure and stable operation of the transmission system, as well as its expansion and modernisation. Swissgrid is firmly committed to keeping tariffs as low as possible. However, they are highly dependent on factors that Swissgrid cannot influence, such as developments on the power markets and regulatory requirements.

The tariffs for general ancillary services and active power loss are largely determined by price trends on the international power markets. Consequently, they are rising sharply. In contrast, the tariffs for grid usage and reactive energy remain at the same level, as Swissgrid can partially influence the tariff-related costs. In recent years, Swissgrid has taken various measures to keep these costs permanently low. These measures are now producing the desired effect.

A household with an annual consumption of 4,500 kWh will pay CHF 92 for Swissgrid services in 2024 (previous year: CHF 70). This equates to 7 percent of a household's total annual electricity costs. For a company with an annual consumption of 90,000 kWh, the costs will be CHF 1,840.

In order to reduce the financial burden placed on electricity consumers by the tariff for general ancillary services, Swissgrid has continuously expanded its product range in the control power market in recent years to improve liquidity in the market and increase security in grid operation. In this way, Swissgrid has been able to mitigate the effects of the current price distortions on the power markets but not compensate them completely. In addition, Swissgrid is seeking integration into the EU's control energy platforms. Participation would also have a positive impact on liquidity in the market and system security and also on the tariffs.

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Constant tariffs for grid usage

The tariffs for grid usage will remain at the same level overall. The development of these tariffs is far less dependent on exogenous factors. The tariffs for grid usage are used to finance the expansion and maintenance of the transmission system. This system 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.

Stable tariff for reactive energy

The tariff for reactive energy will remain constant at 1.60 cents per kvarh. This is due not least to the new voltage maintenance concept introduced by Swissgrid in 2020, which gives active participants even greater motivation to act in a way that is beneficial to the system.

Higher tariffs for general ancillary services and active power loss

The tariff for general ancillary services will increase to 0.75 cents per kWh (2023: 0.46 cents). Due to the expected prices on the European power markets, Swissgrid anticipates significantly higher procurement costs for the provision of control power. In addition, Swissgrid needs to eliminate a deficit which is also largely attributable to the sharp rise in power market prices. The tariffs for 2023 were announced in March 2022. At that time, the sharp price increases that were imminent on the power markets could not yet be foreseen.

The tariff for active power loss will increase by 0.34 cents per kWh compared to the current year (2023: 0.30 cents). This is again due to the sharp climb in procurement costs forecast in a high-price market environment. Swissgrid compensates for the transmission losses incurred during power transmission by procuring the required quantities on the power market. Despite Swissgrid's structured, multi-phase procurement strategy, significantly higher procurement costs are to be expected.

The federal government's power reserves

In 2024, electricity consumers will also have to pay the costs for the federal government's power reserves. The federal government has taken numerous measures to ensure the security of supply. These include the hydropower reserve, the reserve power plants and the emergency power groups. The federal government has decided that these costs will be charged via Swissgrid. Swissgrid reports these costs, which it does not incur, in accordance with the ordinance on a separate «power reserve» tariff, which amounts to 1.20 cents per kWh. For an average household with a consumption of 4,500 kWh, this means an additional financial burden of CHF 54 for 2024, and CHF 1,080 for a company with a consumption of 90,000 kWh.

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Background information and explanations relating to the tariffs can be found [on the Swissgrid website](#).

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 more around 700 highly qualified people from 33 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.