

Media release

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Procurement of the second tranche of the hydropower reserve for next winter has taken place

In accordance with the ordinance on the establishment of a winter hydropower reserve (WResV), Swissgrid today procured the second tranche of the hydropower reserve for the coming winter as part of a tendering procedure. The Federal Electricity Commission EICom has examined the tenders and approved the awarding of contracts. A total energy volume of 152 GWh was procured at an average price of 152.14 euros/MWh. The hydropower reserve is one of the measures adopted by the Federal Council to strengthen security of supply. According to EICom's benchmarks, it is to comprise an energy volume of 400 GWh with a tolerance of plus/minus 133 GWh, to be held in reserve from 1 February 2024 to 13 May 2024 and only used when required.

In accordance with the ordinance on the establishment of a winter reserve (WResV), Swissgrid has procured the volume of energy specified by EICom in the course of a tendering procedure. Swissgrid accepted participation from all operators of storage hydropower plants that feed energy into the Swiss control area who are in a position to offer a product that complies with the relevant benchmarks. In accordance with EICom Directive 3/2023 («Benchmarks for the establishment of a hydropower reserve in the hydrological year 2023/2024»), procurement will take place in staggered partial tenders between May and September 2023.

15 storage power plant operators participated in the tender and offered a total energy volume of 539 GWh. The tenders received were submitted to EICom. Contracts were awarded following the examination of the tenders by EICom. A total energy volume of 152 GWh was procured at an average price of 152.14 euros/MWh.

The auction for the first tranche of the hydropower reserve for the winter of 2023/24 took place on 25 May 2023. On this occasion, 165 GWh were procured at an average price of 162.6 euros/MWh. The procurement of a third tranche is scheduled to take place by the end of September 2023.

Costs of maintaining and using the hydropower reserve

The costs for the reservation of water («reserve charges») are financed by Swissgrid via a separate «power reserve» tariff. This means that they are borne by all Swiss electricity consumers according to their consumption. The new tariff will be applied for the first time in 2024 and amounts to 1.20 Ct./kWh for the year 2024.

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The costs for the possible use of the hydropower reserve will be borne by the market players that request it (balance groups).

Process for maintaining and using the hydropower reserve

In exchange for a fee, storage power plants must retain a certain amount of energy that can then be requested when needed. This is the hydropower reserve. The reserve is used when the supply on the market can no longer meet the demand. The market player (balance group) whose demand cannot be met reports its requirements to the Swiss transmission system operator Swissgrid. Swissgrid requests the necessary reserve power from the reserve providers.

Hydropower reserve as a measure to strengthen security of supply

In January 2023, the Federal Council approved the ordinance on the establishment of a power reserve for the winter, which was brought into force on 15 February 2023. This ordinance governs the use of the hydropower reserve and of reserve power plants, pooled emergency power groups and CHP plants to strengthen the winter power supply in Switzerland. On 13 April 2023, EICOM formally issued and published the benchmarks for the establishment of a hydropower reserve in the hydrological year 2023/2024. These benchmarks form the basis for the tendering of the hydropower reserve by Swissgrid. For the hydrological year 2023/24, the hydropower reserve will be procured in line with these benchmarks in staggered partial tenders between May 2023 and September 2023.

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 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.