

**Media release**

14 September 2023

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## Procurement of the third 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 third 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 83 GWh was procured at an average price of 66.41 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.

14 storage power plant operators participated in the tender for the third tranche and offered a total energy volume of 456 GWh. The tenders received were submitted to EICom. Contracts were awarded following the examination of the tenders by EICom. A total energy volume of 83 GWh was procured at an average price of 66.41 euros/MWh. According to EICom, this means that the entire target reserve volume of 400 GWh has now been procured for the winter of 2023/24.

The auctions for the first two tranches of the hydropower reserve for the winter of 2023/24 were closed on 25 May and 6 July 2023 respectively. In the first tranche, 165 GWh were awarded at an average price of 162.6 euros/MWh, while in the second tranche, 152 GWh were awarded at an average price of 152.14 euros/MWh. For the winter of 2023/24, a total volume of 400 GWh (2022: 400 GWh) has therefore been procured at an average price of 138.67 euros/MWh (previous year: 739.97 euros/MWh). The hydropower reserve will cost 81 percent less in the current year than in the previous year.

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**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.

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](mailto: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.