

Media release

5. March 2024

The electricity industry is in agreement: an electricity agreement with the European Union remains the main priority

The meeting of Switzerland's largest energy producers and grid operators took place today on the subject of why the country needs an electricity agreement with the EU. Numerous key figures from politics, the electricity sector and the authorities discussed the importance of an electricity agreement for Switzerland. The tenor was clear: an electricity agreement with the EU would ensure greater security of supply, grid stability, legal certainty and opportunities for Switzerland to help shape the future.

Switzerland's chief negotiator Patric Franzen provided information on the current status and his expectations of the negotiations with the EU. The CEOs of the Swiss energy producers and grid operators AET, Axpo, BKW, ewz, Repower and Swissgrid explained why they believe that an electricity agreement with the EU is an absolute necessity.

The Swiss grid is an integral part of the European interconnected grid

Switzerland is part of Europe, and our grid is connected to the continental European grid by 41 cross-border lines. We are nevertheless unable to participate in the further development of the European grid and have no say in the design of methods and processes for energy exchange and system operation. The availability of electricity in Switzerland is directly affected by interaction between the EU countries and Switzerland. Swissgrid is currently endeavouring to ensure grid stability and import capability across national borders with annually negotiated contracts under private law. However, these contracts between transmission system operators cannot replace an intergovernmental agreement in terms of content or legal certainty. At best, they therefore represent a purely technical solution.

Electricity market liberalisation as an important step towards an efficient long-term supply of electricity

One of the EU's conditions for concluding an electricity agreement is the complete liberalisation of the electricity market. This would be an important step towards establishing a secure, efficient and competitive supply of electricity in Switzerland in the long term and would involve the entire population in the restructuring of the energy system. Opening up the electricity market would create an environment that would encourage innovation and allow a more effective integration of electricity from renewable sources into the market. The electricity industry has acknowledged the political desire for a basic supply of electricity, is taking this aspect on board and will work towards a practicable and universally acceptable opening of the electricity market.

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Why Switzerland needs an electricity agreement: security of supply, grid stability, market access, legal certainty, the ability to help shape market developments

An electricity agreement would help strengthen security of supply in Switzerland, in particular by integrating Switzerland into various European electricity system platforms and processes. This would improve Switzerland's import capability whilst strengthening system and grid stability. Unnecessary supply risks would be minimised as a result. It would also enable closer cooperation for crisis management purposes, which would allow the domestic electricity reserve for the winter to be redimensioned, resulting in lower costs. Equal market access for Switzerland could help to ensure that the efficiency gains that currently exclusively benefit the EU thanks to market integration would also contribute to a reduction in costs and risks in Switzerland.

An electricity agreement would create legal certainty and, in particular, offer protection against arbitrary decisions, which has not been the case to date. It would also ensure that Switzerland and Swiss stakeholders could have a say in the various important bodies of the European internal market for electricity (ENTSO-E, ACER and DSO-Entity). Swiss players must no longer be worse off than those in neighbouring countries.

History of the electricity agreement

Switzerland and the EU began negotiations on an electricity agreement in 2007. Since 2012, the EU has made its conclusion dependent on the resolution of institutional issues. The most recent negotiations regarding an electricity agreement were held in July 2018. At the time, they were still based on the EU's Third Energy Package. In May 2021, Switzerland broke off negotiations with the EU regarding an institutional agreement. As a result, an electricity agreement became a distant prospect as well. This changed when the exploratory talks between Switzerland and the EU on a broad package approach, which had been ongoing since April 2022, were concluded at the end of October 2023. On 8 November 2023, the Federal Council announced its decision to prepare a negotiating mandate with the EU. On 15 December, the Federal Council adopted a draft negotiating mandate – including a new sectoral agreement on electricity. The Federal Council is expected to approve the final mandate in the next few days.

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