



Electricity

What is it about?

Switzerland is physically and geographically closely integrated into the EU's electricity system, but it lacks legal guarantees. This is disadvantageous for several reasons:

- Switzerland's national grid operator, Swissgrid, only has limited involvement in the European processes for ensuring grid stability. Because of this, unplanned electricity flows often place a strain on Switzerland's national grid.
- Swiss electricity suppliers are not able to participate in the EU's internal electricity market.

An electricity agreement is therefore being planned under the evolving Swiss-EU bilateral approach, aimed at securing cooperation on grid stability, simplifying electricity trading, and strengthening the security of supply.

Negotiations with the EU on this matter started in 2007 and were interrupted in 2018 owing to the unresolved institutional issues at the time. Given that the negotiations are now to be resumed, the institutional issues will be anchored in the future electricity agreement whereby an equal footing both for Swiss stakeholders – to be able to participate in the internal electricity market – and for Swissgrid – to be integrated in the European grid operation processes, should be ensured. In addition, cooperation between Swiss authorities and institutions and their counterparts at European level is to be secured. The new agreement will also contain clearly defined rules on state aid and its accompanying monitoring mechanism.

Outcome of exploratory talks and outlook for negotiations

During the exploratory talks, Switzerland and the EU agreed to resume negotiations on a future electricity agreement based on the negotiation stage reached in 2018. The scope of the agreement is to be strictly limited to electricity-trading issues only. Basic service provision will continue for households and small businesses, which will not have to purchase electricity on the free market. Switzerland can also secure its supply of electricity where required through the implementation of proportionate, essential measures that will not have any distorting effects. In addition, efforts to integrate Swissgrid and the Swiss authorities into the European structures during the transitional phase before the future agreement comes into effect are to be stepped up.

Importance for Switzerland

Switzerland has over 40 cross-border power lines, which means it is closely connected to the electricity markets of neighbouring countries. Because of the major challenges facing Europe in terms of electricity supply, a Swiss-EU electricity agreement can make a key contribution to addressing some of these issues. Such an agreement would regulate Switzerland's access to the EU's internal electricity market, minimise risks such as unplanned flows, and contribute to ensuring security of supply.