

Annual Report

Editorial



Adrian Bult, Chairman of the Board of Directors, and Yves Zumwald, CEO

Strength through networking

Switzerland has always owed its success to close networking. It recognised early on that international cooperation is crucial for overcoming global challenges. The importance of networking with Europe is hardly more evident than in the energy system: the European interconnected grid, which began in Switzerland with the visionary «Star of Laufenburg» project, now forms the foundation for ensuring a high level of security of supply throughout Europe.

In order to guarantee Switzerland's security of supply in the medium to long term, the country needs a stable grid, sufficient energy in Switzerland and cooperation with its European partners. Following the Federal Council's decision in May 2021 to end its negotiations with the EU regarding a framework agreement, the conclusion of an electricity agreement has become a distant prospect. The EU rules for grid and market operation are diverging further and further from the equivalent Swiss regulations: without an electricity agreement and without appropriate provisions in ongoing Swiss legislative proposals such as the consolidation legislation, formally different rules apply on each side of the border.

A purely physical connection with Europe without including Switzerland in the mechanisms and processes of the electricity market jeopardises not only grid operating security, but also the security of supply in Switzerland. Firstly, sufficient flexible power must therefore be made available to stabilise the

grid, and secondly, there must be enough energy to meet demand all year round. This is particularly the case because Switzerland, like many European countries, has decided to promote renewable energies. The country is already dependent on imports in the winter months, as consumption at this time of year cannot be covered by domestic production. In addition to close networking with Europe, the rapid expansion of domestic production in winter is therefore essential for Switzerland's security of supply, as well as for the successful implementation of the Energy Strategy 2050. The necessary legal framework must be created to ensure this.

The consolidation legislation under which the Federal Council has combined the revised Energy and Electricity Supply Acts, and which has been under discussion in parliament since the beginning of 2022, is a step in the right direction for Swissgrid. However, the proposed measures do not go far enough in light of the restrictions on imports. For this reason, Swissgrid has worked with leading electricity companies to develop and present market-based legal solutions. From the energy industry's point of view, this requires measures such as adequate reserves, incentives for maintaining and expanding domestic renewable production capacities, and a regulated relationship with the EU.

In addition, Swissgrid is active at European level: the company signed agreements with the transmission system operators of the «Italy North» capacity calculation region at the end of 2021. This makes it possible to continue to cooperate with European partners from a technical perspective. However, agreements between transmission system operators are not an adequate substitute for an electricity agreement. Since the conclusion of an agreement is not possible in the foreseeable future, Swissgrid is proposing a purely technical, intergovernmental agreement as an interim solution. Yet an electricity agreement remains the most efficient and effective solution to guarantee a reliable supply of electricity in Switzerland. After all, the high availability of the transmission grid must continue to be ensured in the future. Despite recent challenges such as the coronavirus pandemic and the lack of an electricity agreement, Swissgrid was able to guarantee an exceptionally high level of availability of its grid infrastructure in 2021 – without any supply disruptions at all at transmission grid level.

Sixty years after the introduction of physical networking, the energy system is now undergoing another radical change with the introduction of digital networking. Digitalisation offers grid operators new opportunities to master the increasingly decentralised and complex energy system. Among other things, Swissgrid has conducted pilot projects concerning the application of data science in grid operations and has tested the use of 3D visualisations, augmented reality glasses and drones for infrastructure management. These are further steps on the company's path to enhance innovation and digitalisation.

Rainer Mühlberger, Head of the Technology business unit, made his mark on the company thanks to ground-breaking developments in the field of information technology and major transformation projects. He decided to retire from the Executive Board in 2021 and will now develop the 2027 corporate strategy as Senior Strategic Advisor. Swissgrid was able to recruit Konrad Zöschg as its new CIO. He took up his position in August.

We would like to sincerely thank Rainer for his great dedication and wish Konrad a warm welcome to the company. A big thank you also goes to all the staff who did an exceptional job in 2021 despite the ongoing coronavirus pandemic.



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Chairman of the Board of Directors



Yves Zumwald
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