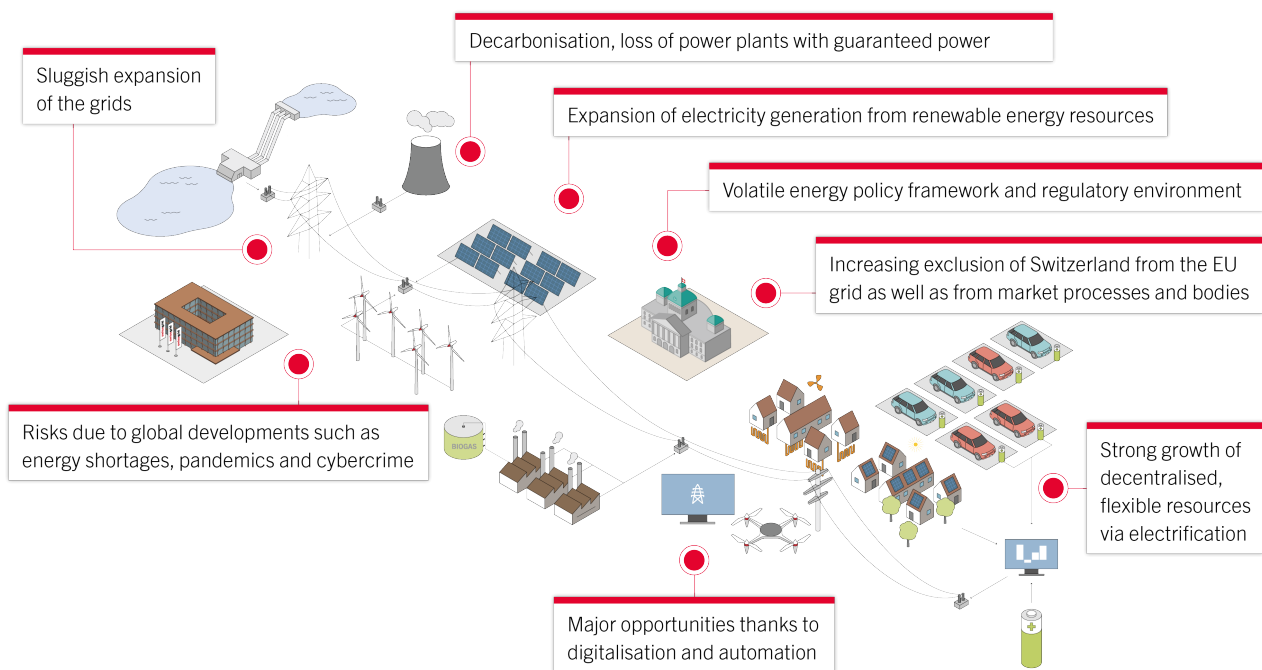


Annual Report

2027 Strategy

In the past reporting year, Swissgrid launched its Strategy 2027 and entered a new five-year strategy period. The company defined five closely linked priorities, four of which were carried over from the previous strategy period and adapted to the current framework conditions. A new focus on «Innovation and Digitalisation» was also added.



After a long period of stability, the electricity industry is now in a state of flux. Fundamental change was triggered by the EU's decision to integrate the European power markets and to decarbonise the energy industry. Pressure to accelerate the transformation of the energy system and decarbonisation has increased more and more due to the newly formulated climate targets within the framework of the «European Green Deal».

These developments affect grid operators in several ways: the expansion of renewable energy production leads to significant changes in production patterns and volatile electricity flows. This poses major challenges for power system control, which are accentuated for Swissgrid by the lack of an electricity agreement between Switzerland and the EU. Switzerland is increasingly excluded from important EU market mechanisms. This results in a greater risk of unplanned electricity flows, a lack of consideration in security-relevant system processes and a reduction in import capacities.

Grid operators face challenges not only due to the changes in the energy system, but also on account of

global developments. Threats such as the consequences of climate change for the grid infrastructure or cybercrime make it clear that operators of critical infrastructures must have an exceptionally high level of protection and readiness.

Digitalisation offers a response to the increasing complexity of the grid operators' environment. For example, the desired digital transformation will make it possible to integrate many of the new, flexible resources profitably into system operation. End-to-end digital processing of the value chain will also open up opportunities for efficiency gains within the company.

Five priorities for Strategy 2027

«Security of Supply»

The new strategy focuses on «Security of Supply» with measures to ensure grid-related security of supply in the long term, regardless of the degree of integration into EU processes, while at the same time supporting the Confederation's energy strategy. Networking and cooperation with Europe are crucial for ensuring a high level of security of supply. As Swissgrid is increasingly marginalised in EU processes due to the lack of an electricity agreement, the company is committed to achieving the highest possible level of integration at a technical level.

To increase the controllability of the grid, Swissgrid is taking structural measures, changing operational processes and using digital solutions for data-driven decision-making in system operation. This package of measures will also help Swissgrid to cope with rising system security risks if Switzerland were to be further excluded from European processes.

Swissgrid wants to harness the potential of all the decentralised resources in the energy system more effectively in the future: it plans to create market platforms in association with the industry, to make these platforms easier to access by means of digital solutions, to better coordinate their flexibility and to use them profitably for grid operations.

«Grid Transfer Capacity»

The transformation of the energy system can only succeed if the grid infrastructure is adapted to the new framework conditions. To this end, Swissgrid is already planning the Strategic Grid 2040. The aim of expanding the grid is to adjust its capacities to meet demand and to reduce congestion. Swissgrid will implement more construction projects and put them into practice more quickly by standardising and optimising processes and by using digital solutions for planning and construction.

Maintenance is being automated in many areas, for example by using drones. A completely digitalised grid image – a digital twin of the physical grid – will provide the basis for establishing data-driven plant management in the future. This will allow the status of plants to be monitored more precisely over the entire life cycle and enable the grid to be operated in a more risk-based and efficient manner.

«Innovation and Digitalisation»

Digitalisation is the common denominator of the first two priorities. With its new «Innovation and Digitalisation» priority, Swissgrid is laying the foundations for the desired digital transformation throughout the company.

Firstly, this concerns technological and data-related conditions, such as automation tools and the systematisation of data management. And secondly, it refers to an increase in implementation strength,

partly thanks to the more widespread use of agile working methods. In addition to digitalisation, the focus is on the development and implementation of innovations. In order to open up the innovation process, an ecosystem is being built as a collaborative network in which innovations are driven, developed and shared with partners. In addition, a culture of innovation is being established to promote the skills and potential of employees whilst actively and sustainably pushing ahead with digitalisation ideas and transformation projects within the company.

«Operational Excellence»

In order to successfully implement Strategy 2027, the culture and skills within the company must keep pace with future requirements and continue to be developed. As part of the «Operational Excellence» priority, identified skills gaps are closed by means of programmes tailored to individual needs. Thanks to these and other measures, Swissgrid is simultaneously increasing its attractiveness as an employer, attracting the talent it needs and strengthening the identification of existing and future employees with the company.

Swissgrid is also becoming even more sustainable. It now groups together all areas of sustainability management under «Corporate Social & Environmental Responsibility». Among other things, a targeted selection of UN goals – the Sustainable Development Goals – is being addressed, and comprehensive sustainability reporting is being developed according to the standards of the Global Reporting Initiative.

«Safety & Security»

Security is a top priority for Swissgrid, as the operator of a critical infrastructure. The company is strengthening the resilience of its core processes as part of the «Safety & Security» priority. To do so, Swissgrid is continuously adapting to meet the changing demands placed on companies' security arrangements, emergency response measures, crisis management and business continuity management.

This includes raising the level of protection in substations by means of structural and organisational measures and installing safety systems. In the area of business continuity management, Swissgrid is developing additional solutions to safeguard its key responsibility in the event of an incident. As far as cybersecurity and crisis management are concerned, the focus is on implementing further measures to achieve the desired goals.