CONSULTATION RESPONSE

EU Swiss Electricity agreement

Brussels, 31 October 2025

GENERAL FEEDBACK

Energy Traders Europe welcomes the electricity agreement between Switzerland and the European Union as a positive step for European market integration, competition, and security of supply.

Ensuring a reliable and affordable electricity supply is also of central importance to the Swiss economy and society. The electricity agreement with the EU is a decisive factor in this regard, as both Switzerland and the EU have two interdependent energy systems.

In this regard, the electricity agreement gives Swiss electricity market players equal access to European electricity markets (day-ahead, intraday, balancing). It also secures Switzerland's cross-border capacities under international law and enhances the country's import and export capabilities.

In particular, we welcome the liberalisation of the Swiss electricity market that accompanies the electricity agreement as an important prerequisite for Switzerland's efficient electricity supply.

DOMESTIC IMPLEMENTATION

With regards to the domestic implementation of the electricity agreement, we propose the following adjustments or feedback:

1. RES offtake: negative price hours

We welcome the proposed abolishment of RES operating aid during negative prices to reduce market distortion, overproduction and system balancing costs.

2. RES offtake: capacity threshold

We welcome the proposed reduction of the threshold simplified permitting of renewables from 3MW to 200kW, which is aligned with the EU minimum standards. In order to foster even more the integration of renewables, we encourage the Federal Council to assess a <u>further reduction of the threshold below 200kW.</u>

3. Hydropower reserve

According to the Electricity Agreement, an exemption from EU regulation applies to reserves during a transitional period of six years from the entry into force of the agreement.

The obligation introduced by the Electricity Act requiring operators of storage power plants to participate in the hydropower reserve contradicts the EU requirements for a transparent, non-discriminatory and competitive procedure for the establishment of strategic reserves.

Switzerland should therefore return as soon as possible to the previously implemented and well-established auction procedures for the hydropower reserve, which have already been conducted three times.

This would not only be consistent with EU requirements but would also contribute to an economically efficient formation of reserves. We also urge the Swiss government to structure the reserves in line with EU standards of system adequacy and third country access.

4. DSO unbundling

We support unbundling of DSOs and the alignment with EU regulation. The DSO unbundling should be carried out comparable to the implementation in EU Member states. DSO unbundling is a cornerstone for a competitive, transparent, and efficient electricity market. DSOs should be neutral, independent, and focused solely on network operation. In order to achieve a higher degree of unbundling, we encourage the Federal Council to assess a further reduction of the threshold below 100’000 end customers.

5. Dynamic supply tariffs

We welcome the alignment if the threshold for mandatory offering of dynamic network tariffs set for all suppliers with at least 50'000 end customers. In order to better incentivise demand side flexibility, we encourage the Federal Council to assess a further reduction of the threshold for suppliers of mandatory offering of dynamic supply tariffs below 50'000 end customers.

6. Liberalisation of retail market: Swiss universal service

We understand that there is political desire to maintain a universal service within the framework of the complete liberalisation of the electricity market. The Federal Council proposes to largely retain the price regulation that will apply from 2026. This means that universal service suppliers with their own production must supply a minimum proportion of this production at “generation and procurement costs” to the universal service.

In an open electricity market, such a cost-plus system leads to false incentives: when market prices are low, customers receiving universal service switch to the free market, which means that the universal service supplier has to sell more of the energy it produces at low prices on the market itself. When market prices rise, customers will switch back to universal service. The universal service supplier then supplies more of the energy it produces to the universal service and is therefore unable to benefit from the high market prices.

A universal service that ensures that all customers supplied by the universal service supplier are supplied with electricity at a fair price – compared to end consumers in the free market – is more appropriate.

To ensure this, requirements for the universal service supplier to offer a fixed annual price and structured energy procurement are sufficient to minimise price peaks. ElCom has the role of checking universal service prices for unfairness.

7. Electricity supply: Mantelerlass

The liberalisation provides the opportunity to abolish unnecessary overregulation introduced by the Mantelerlass/Stromgesetz. **We oppose with the qualitative measures for the regulated basic supply set in the Mantelerlass** (e.g. minimum own generation, minimum RES production) as they make the basic supply unnecessarily expensive and distort the market on the procurement side.

8. BATE

The harmonization of BATE with REMIT in wholesale electricity trading will eliminate parallel structures and inefficiencies and create uniform regulations. Unfortunately, the parallel structure of BATE and REMIT continues to exist in the gas sector. Even though the electricity agreement does not cover the natural gas market, harmonization within BATE is desirable. For this reason, **the proposed harmonization in the electricity sector should be extended to the gas sector** to provide market participants with uniform regulation and increase market efficiency.

Contact

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