

Energy Traders Europe response to the Swiss Federal Council's public consultation on the new Swiss Gas Supply Act

Energy Traders Europe welcome the opportunity to comment on the proposed Swiss Gas Supply Act (LAGas) and praise the Federal Council's initiative to align the rules of the Swiss gas market with those of the European Union, with the objective of ensuring legal certainty for operators in terms of network access, guaranteeing fair and cost-reflective tariffs, and increasing the security and cost-effectiveness of gas supply. We see this proposal as an important milestone for the development of the Swiss gas market. We strongly support a market design that creates a liquid and competitive gas market, bringing clear benefits for all market participants – including end consumers – starting with more transparency, enhanced security of supply, greater affordability and lower exposure to price volatility.

Please see below some key remarks, followed by more detailed reasoning.

Key Messages

- We very much welcome the introduction of an entry-exit system with a virtual trading point.
- We praise the central allocation of transport capacities by the market area manager.
- Grandfathering protection should be ensured to existing contracts during the transition from the old to the new regime.
- Storage obligations are not a cost-efficient solution to achieve energy security and, if adopted, should not cover transit shippers, nor wholesale traders in general.

Detailed Comments

Several positive elements are introduced in the draft Act

Particularly welcome are the introduction of an entry-exit system with a virtual trading point, the presence of an independent market area manager (RAM), the consolidation of market areas into a single Swiss balancing zone, as well as the **central allocation of transport capacities** by the market area manager¹.

On the design of capacity allocation and capacity products, it is essential that these are **aligned as far as possible with the European network codes – Regulation (EU) 2017/459 (CAM**

¹ The example of Germany shows that capacity allocation by 15 different TSOs leads to unnecessary additional costs and a lack of transparency for network users.

NC) on capacity allocation mechanisms and Regulation (EU) 2017/460 (TAR NC) on harmonised transmission tariff structures. This enables international market participants to have non-discriminatory, efficient and transparent access to Swiss transport capacities without additional national hurdles or special procedures.

Clause to manage existing contracts allowing for the possibility to choose whether to apply the old regime, apply the new regime, or terminate the contract

We would welcome the introduction of a specific clause to manage existing contracts signed at any point in time ahead of the entry into force of the new legislation, allowing counterparties to choose whether to remain under the previous regime or transition to the new one, or alternatively to exit existing contracts as a consequence of material change in law. This clause would **safeguard the rights of operators already active in the market under current contractual agreements**, avoiding unintended impacts on legacy arrangements, preserving level playing field across older and newer contracts, and supporting a gradual shift to the updated regulatory framework. Consistently with this observation, the grandfathering provision should be adjusted by moving the current reference date (30 October 2019) to the date of entry into force of LAGas. In order to prevent excessive gaps in transport tariffs between the old and new regime, this form of **grandfathering protection may be granted only for a limited period of time**, which we nevertheless recommend **should not be shorter than three years after the entry into force of the LAGas**.

Storage obligations are not a cost-efficient solution to achieve energy security

As shown by the evidence from recent years in certain Member States, and as also expressed in our latest position paper on storage filling binding targets², **we do not see these type of obligations as a cost-efficient solution to achieve energy security**. Moreover, we highlight a potential **misalignment between the EU targets**, which are set to expire in 2027, and those that may be established in Switzerland, which we understand would instead apply from 2029. Such potential inconsistency should be carefully considered.

Should the Swiss authorities decide to proceed with the implementation of storage obligation, these should be implemented in a coordinated manner by the market area manager. This means that the **market area manager coordinates access to storage capacity in neighbouring countries and then implements a tendering procedure through which market participants submit their proposals of storage filling services**, up to the required volumes. This allows the resulting costs to be distributed more consistently, transparently and fairly across

² Energy Traders Europe, *Storage filling obligations should not be extended*, March 2025. Available at: <https://cms.energytraderseurope.org/storage/uploads/media/250305-pp-prolongation-of-storage-obligations-final.pdf>

the entire system, instead of end-consumers paying different prices for the same security of supply depending on their supplier. It should also be avoided that inefficient storage procurement blocks long-term cross-border capacity and thus restricts import capacity.

Storage obligations should not cover wholesale traders or transit shippers and should not entail additional costs being reflected in IPs

While we understand that the intention of the draft is to replicate similar obligations put on suppliers to end users during the emergency situation, rather than imposing it on any wholesale market participant, **we recommend clarifying the definition of the concerned suppliers. This should not cover shippers that simply transit on the Swiss grid** (either via grandfathered contracts according to Art.45, or via future entry/exit capacity bookings), **nor wholesale traders** in general. Extending storage obligation to market participants without an end users' portfolio would do little to improve domestic security of supply, while it would reduce flexibility and liquidity otherwise available in the market. Consistently, **any potential additional costs related to the introduction of storage filling obligations should never be reflected on Swiss interconnection points.**

Contact

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