

Press release

Morges, 29 August 2024

Changes planned for 2025

Romande Energie lowers electricity tariffs

After two years of gyrations in energy markets, Romande Energie has attained its goal of offering lower prices to the vast majority of its customers. Two major changes are planned for 2025. First, off-peak electricity hours will be extended for customers on dual tariff plans. Secondly, feed-in tariffs will be calculated using a different approach.

- **The all-in tariff will be cut for the vast majority of customers (i.e. over 98%) through a reduction in the energy component and in the cost of both system services and the winter storage lakes overseen by Swissgrid.**
- **Romande Energie wants to encourage customers to consume power at the best times in the day, primarily when local and solar sources are yielding high amounts of electrons. Consequently, off-peak electricity hours will be expanded for customers on dual pricing plans, increasing the potential for savings on electricity bills.**
- **From 2025, feed-in tariffs will be determined on a quarterly basis.**

Background

As climate change accelerates, enactment of the Swiss national Energy Strategy for 2050 is now in its final stages. New usage and generation paradigms are going to require swift changes if the rapidly rising demand nationwide resulting from increased electrification within society and demographic trends is to be satisfied. To meet the challenge, it is essential to increase the generation of renewable energy from domestic sources while simultaneously preserving nature and landscapes. The focus will be on generation during winter, which is currently insufficient and leading to increased power imports. But society must also continue reducing its consumption, especially through increased awareness about the best times for using electricity.

Decrease in energy prices

Energy prices rose at a record pace in 2022 and 2023 but have since eased, and this is having a positive effect on tariffs. Romande Energie has its own power-generation facilities and assigns all such output to regulated market customers, thereby covering around 40% of their needs. To meet demand in full, Romande Energie buys electricity on the wholesale market up to four years in advance as a way of smoothing price fluctuations and keeping tariffs as stable as possible. Based on a positive rainfall forecast for 2024, the Group's plants are expected to continue generating electricity and avoid the situation experienced in 2022. In that year, in addition to the price surge,

Romande Energie was forced to buy at exorbitant spot prices due to the drought that depleted its own output.

Solar power generation creates new paradigm

The power generated by solar installations located across the region is fed into power grids that are unsuited or poorly adapted to two-way flows. Until recently, power stations produced electricity to supply customers. Now customers who have solar panels supply their electrons to the grid, which has to accommodate all this energy. This paradigm shift is having a direct impact on distribution grids, which need to be made more robust. Output from solar installations may at times have to be throttled back temporarily if the grid is unable to accommodate the power generated.

That is why it is vital to match up solar generation more closely with consumption patterns. Romande Energie is therefore offering new time slots for 2025 to encourage daytime consumption by customers on dual tariff plans (i.e. peak and off-peak periods) on weekdays. From 1 January 2025, the peak period will change to 5pm to 10pm instead of 6am to 10pm. In practice, 11 off-peak hours will be added each weekday to take the pressure off the grid so that it can absorb as much solar power as possible. Customers who use electricity during these times will enjoy even greater savings on their electricity bills. Weekends will remain fully off-peak. Approximately one-quarter of customers have opted for dual pricing plans. These are designed for households with comparatively higher off-peak consumption and the ability to schedule consumption away from peak periods, which results in savings for them. However, the energy transition affects everyone, and customers are encouraged to modify their consumption patterns. This goal is to encourage customers to use energy as and when it is generated, and those who produce their own energy to self-consume as much of it as possible, for example by scheduling their household appliances to run during the day.

Feed-in tariffs

To date, Romande Energie has always announced an annual feed-in tariff for purchasing the power supplied by owners of solar panels. From 2025, a quarterly payment system will be introduced. Under this system, the feed-in tariff will be calculated in arrears for each quarter and announced soon afterwards, four times a year. Feed-in tariffs will be higher in the winter than in the summer months.

The calculation method for the quarterly feed-in tariffs will not be available until early 2025, once the implementing ordinances have set out the legislative framework.

Examples

A household in Morges (H2) on a flat-rate plan that uses 2,000 kWh of electricity annually will see its bill decrease from CHF 794 in 2024 to CHF 759 in 2025, including VAT, representing a drop of 4.3%.

A household in Morges (H4) on a flat-rate plan with an immersion heater and which uses 4,500 kWh of electricity annually will see its bill decrease from CHF 1,626 in 2024 to CHF 1,485.85 in 2025, including VAT, representing a drop of 8.6%.

A large company (C4) that has not switched to the unregulated market and which uses 500,000 kWh of electricity annually will see its bill decrease from CHF 156,926 in 2024 to CHF 127,611 in 2025, including VAT, representing a fall of 18.7%.

Details of the new 2025 prices can be consulted by visiting romande-energie.ch/tarifs (in French only).

Summary

Romande Energie has succeeded in reducing the price at which it sells electricity in 2025 to a level that not only offsets the steady increase in transmission costs on its grid, but also, and most remarkably, provides over 98% of its customers with lower bills. This outcome has been achieved as a result of its prudent market-sourcing policy and through its own generating activities, lower costs for system services and a smaller duty payable for the winter storage systems overseen by Swissgrid.

By extending off-peak hours on weekdays, Romande Energie seeks to encourage customers to switch to dual tariff plans and thereby use electricity during the day, when generation flows peak. The new method for calculating solar feed-in tariffs will encourage self-consumption and generation during the winter months while aligning these producers more closely with market conditions.

Notes to editorial desks

The price of electricity consists of the following:

- The cost of the energy (measured in kilowatt hours)
- The grid usage fee, covering transmission and distribution
- Taxes and duties charged by the Confederation (federal renewable energy tax), cantons and municipalities

The grid usage fee has three components:

- The regional distribution fee, within the remit of Romande Energie
- The transmission fee for use of the VHV national grid, set by Swissgrid SA
- Balancing power (system services) and the cost of the winter storage lakes, under the authority of Swissgrid SA

Price components that depend directly on Romande Energie (energy costs and the regional grid charge) together account for around 75% of the average electricity bill.

The remaining 25% represents the national VHV transmission fee, balancing power, the winter storage lakes, and taxes and duties. These are collected by Romande Energie on behalf of Swissgrid SA, the Confederation, cantons or municipalities.

This press release concerns customers supplied through the regional power grid of Romande Energie and Bas-Valais Energie.



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Romande Energie at a glance

The Romande Energie Group, the leading supplier of electricity in Western Switzerland, provides its customers with a wide range of sustainable solutions, which help to lower energy consumption and carbon emissions. These solutions include made-to-measure support to generate its own energy, products and services to enhance energy efficiency, and to champion energy efficiency.

Romande Energie aims to make Western Switzerland the country's first net-zero region. We are constantly investing significant amounts in expanding our local base of facilities generating renewable energy. Our solar, hydro and biomass power plants, our various district heating networks and our geothermal and wind projects are fulfilling this commitment and distributing more and more renewable energy to our customers.

We have established ourselves as a trusted partner for a society mindful of the importance of protecting the environment, looking after individuals and maintaining a sustainable economy. **Keeping Western Switzerland on track for a sustainable future** lies at the heart of our core purpose.

For more information on the Romande Energie Group, visit

www.romande-energie.ch