



Press release

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EICom rules on 2017 regulated tariffs applied by Romande Energie Commerce

After a two-year investigation, EICom has made public its conclusions on the power tariffs applied in 2017 by Romande Energie Commerce, which is now required to amend its rates retroactively for the year under consideration. Romande Energie Commerce refutes these findings and is appealing to the Swiss Supreme Court.

In 2019, the Federal Electricity Commission (EICom) opened an inquiry into the power tariffs applied by Romande Energie Commerce (REC) in 2017.

The difference of opinion between EICom and REC concerns mainly the method for applying Article 6 (5) of the Electricity Supply Act (ESA), which states the following: *Distribution system operators must pass on the benefit they derive from unfettered access to the grid proportionately to captive consumers (...)*. By drafting this article, lawmakers sought to prevent a situation whereby captive customers would pay a substantially higher price than wholesale customers who have unregulated access to the market. In application of this provision, EICom drew up an average pricing method that has generated a significant amount of debate as to its application.

To calculate its power tariffs, REC considers the costs of its shareholder's own generation, long-term supply contracts and purchases on the wholesale power market. Tariffs are monitored by EICom, an industry regulator independent of the federal administration. In its decision, EICom provided its interpretation of the production cost calculation and the various methods used to calculate tariffs. In particular, it requires that power tariffs be based on the average of all the power purchases made by REC, which therefore includes purchases unrelated to the supply of captive customers. EICom disputes the weighted average cost of capital (WACC) that has been applied in valuing its REC's own generation.

REC refutes EICom's decision on several grounds, especially the retroactive application of specific measures.

REC holds that its pricing policy prioritises the interests of its customers, compliance with sound competition policies in the unregulated market and stable tariffs for captive customers. It has applied the same method since the Electricity Supply Act came into force, regardless of the prices prevailing at any given time on the wholesale market.

All existing business indicators demonstrate that the average price method is not fair for captive customers at times when wholesale prices are high. Moreover, these are uncertain times for the energy industry. The political and legislative landscape lacks clarity. Switzerland risks a power shortage. Energy price rises have unsettled financial markets. In this context, Romande Energie Commerce believes that any official pricing method ought not deter distributors from

implementing a cautious hedging policy to protect captive customers from sharp fluctuations in power prices. Romande Energie Commerce will therefore appeal this decision to the Swiss Supreme Court.

Note to editorial desks

This press release is being issued outside the trading hours of the SIX Swiss Exchange as required by the SIX Listing Rules on ad hoc publicity.

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Romande Energie at a glance

Romande Energie Group is the leading supplier of electricity in Western Switzerland and a mainstay in the Swiss energy industry. It offers several sustainable solutions for the distribution and generation of electricity in addition to energy services, which include energy efficiency and electromobility.

All its generation assets are driven by renewable sources of energy. Additionally, it is working hand in hand with customers, investors and employees to provide ever-better standards of living through innovative services and a commitment to corporate social responsibility. In addition to security of supply, the Group is dedicated to offering innovative services that meet customers' expectations as it supports them in switching to more sustainable sources of energy in pursuit of a net-zero goal in Western Switzerland.

For more information on Romande Energie Group, visit

www.romande-energie.ch