



## **Press release**

*Morges, 31 August 2022*

### **2023 tariffs**

#### **Record increases in customer and feed-in tariffs**

**Amid the surge in electricity prices since 2021, Romande Energie has had no choice but to raise its regulated electricity tariffs effective 1 January 2023. But there is good news for renewable energy producers as the price they earn for feeding in electricity to the grid is set to increase sharply as well.**

#### **Unparalleled conditions**

Energy prices in wholesale markets have recorded an unprecedented rise since summer 2021. Many different factors have contributed to this surge, including climate conditions, geopolitical events, unavailability of a large proportion of France's nuclear fleet and delays to the rollout of renewable energies. The halting of negotiations on the institutional treaty with the European Union has not made talks with neighbouring countries any easier and threatens to affect our ability to import electricity during the winter.

#### **Supply principle**

Over a year as a whole, Switzerland is generally a net exporter of electricity. It generates most of this energy over the summer, when the country does not need it so much. Conversely, during the winter season, its requirements increase sharply, and so it needs to import energy by making purchases in the European market to ensure security of supply.

Wherever possible, suppliers are looking to buy energy in advance, sometimes several years ahead, to lock in the best possible terms. Given the international backdrop, however, conditions have taken a turn for the worse.

#### **Own generation and market prices**

Thanks to its procurement strategy, Romande Energie was able to keep its prices unchanged for 2022. But now, with the record increase in prices per kWh, the low rainfall at the beginning of the year and the recent drought conditions, our reliance on the wholesale markets has increased. A supplier generating sufficient power to fully cover its customers' consumption is not exposed to market fluctuations. In contrast, a supplier such as Romande Energie, which cannot meet all the demand from its customers with its own generating capacity, is affected by trends in market prices. That explains why power prices per kWh may vary significantly from one supplier to another in Switzerland.

#### **Cost of distribution**

The increase in **distribution** costs – covering grid usage – is explained by the massive rise in transmission costs paid to Swissgrid, as well as the energy costs required to offset losses arising from the distribution of power to our end-customers and to fulfil the legal requirement to install smart meters on a large scale.

## Cost of energy

As for the **energy-related** portion, Romande Energie's tariffs are set to increase appreciably from 1 January 2023, reflecting the steady rise in its procurement costs over the past year. Thankfully, as a result of its multi-year purchasing strategy and with the lower costs of its own renewable generation allocated in full to meeting demand for electricity from its regulated customers, the tariffs charged by Romande Energie will continue to be lower than those paid by the largest consumers fully exposed to the deregulated market.

In addition, Romande Energie wishes to remind its regulated customers that the margin it generates on the supply of energy is tightly controlled by the regulator, and that this major increase in prices will not result in margin gains, although some catch-up could be seen in 2023 in respect of 2022.

Accordingly, by comparison with 2022, the **integrated tariffs for 2023** (distribution via the grid, energy, federal tax, but excluding cantonal and municipal taxes and VAT) charged by Romande Energie and Bas-Valais Energie will increase by between **49% for the vast majority of our household customers** and 61% for customers with specific modes of consumption. The bulk of this increase stems from inflation in the energy component.

For example, a household (H2 - a single parent with two children) in Morges living in a four-room apartment consuming 2,500 kWh/p.a. will see its energy bill rise by CHF 23.40 per month (in 2022, their annual bill was CHF 578.75 excl. VAT, and in 2023 it will rise to CHF 859.25).

Should you require more detailed information about the 2023 prices, please go to [www.romande-energie.ch/tarifs2023](http://www.romande-energie.ch/tarifs2023)

## Substantial increase in feed-in tariffs

Concurrently with the substantial increases in energy purchase prices, the feed-in tariffs for renewable energies paid to self-generators are also set to rise significantly, almost doubling from 9.5 ct/kWh in 2022 to **18.6 ct/kWh** in 2023. Romande Energie is maintaining its pricing policy of paying a similar price for the energy fed into its grid to that at which it sells energy to its customers (solely the energy portion, excluding taxes and grid-usage costs).

## Recommendation

Aside from the substantial price increase, uncertainties remain about energy security from the coming winter onwards. Shortages cannot be ruled out. Lifestyle and wholesale societal changes need to be undertaken immediately to bring about a reduction in energy consumption.

Customers wishing to estimate their bills based on their place of residence will from early September be able to use an online [simulator](#). Romande Energie also wishes to draw its customers' attention to the forthcoming increase in downpayments required on bills, and is encouraging people to do everything they can to cut their consumption, especially during the forthcoming winter ([households/businesses](#)).

In addition, following the changes to the activities of Romande Energie Commerce SA (a Group subsidiary), Romande Energie SA is reassuming direct control of the sale and supply of energy to its regulated customers in areas served by Romande Energie SA and BVE SA effective 1 January 2023.

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## Notes to editorial desks

The price of electricity consists of the following:

- Cost of the energy (measured in kilowatt hours)
- Grid-usage fee, covering distribution
- Taxes and duties charged by the Confederation (including federal renewable energy tax), cantons and municipalities

The grid-usage fee has three components:

- Regional distribution fee, within the remit of Romande Energie
- Transmission fee for use of the VHV national grid, within the remit of Swissgrid SA
- Balancing power (system services), within the remit of Swissgrid SA

Price components that depend directly on Romande Energie (energy costs and the regional grid charge) together account for slightly less than 80% of the average electricity bill.

The remaining 20% represents the national VHV transmission fee, balancing power, 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 Romande Energie's regional power grid.

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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 sustainability. Romande Energie is dedicated, day in day out, to offering high-grade services and security of supply, just as customers expect, as well as supporting them in transitioning to more sustainable forms of energy and reducing carbon intensity across Western Switzerland.

**For more information on Romande Energie Group, visit**

**[www.romande-energie.ch](http://www.romande-energie.ch)**