



# Sunshine Regulation in Electricity Sector Switzerland – A Status Update





# Agenda

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- Overview – the regulatory context
- Sunshine model in Switzerland: the concept, the indicators and the grouping
- Challenges and regulatory boundaries - the elephant in the room
- Wrap up after six years of sunshine regulation «light» in Switzerland



Cost plus regulation:  $OPEX + CAPEX (= Depreciation + WACC * Total\ regulatory\ asset\ base\ RAB)$

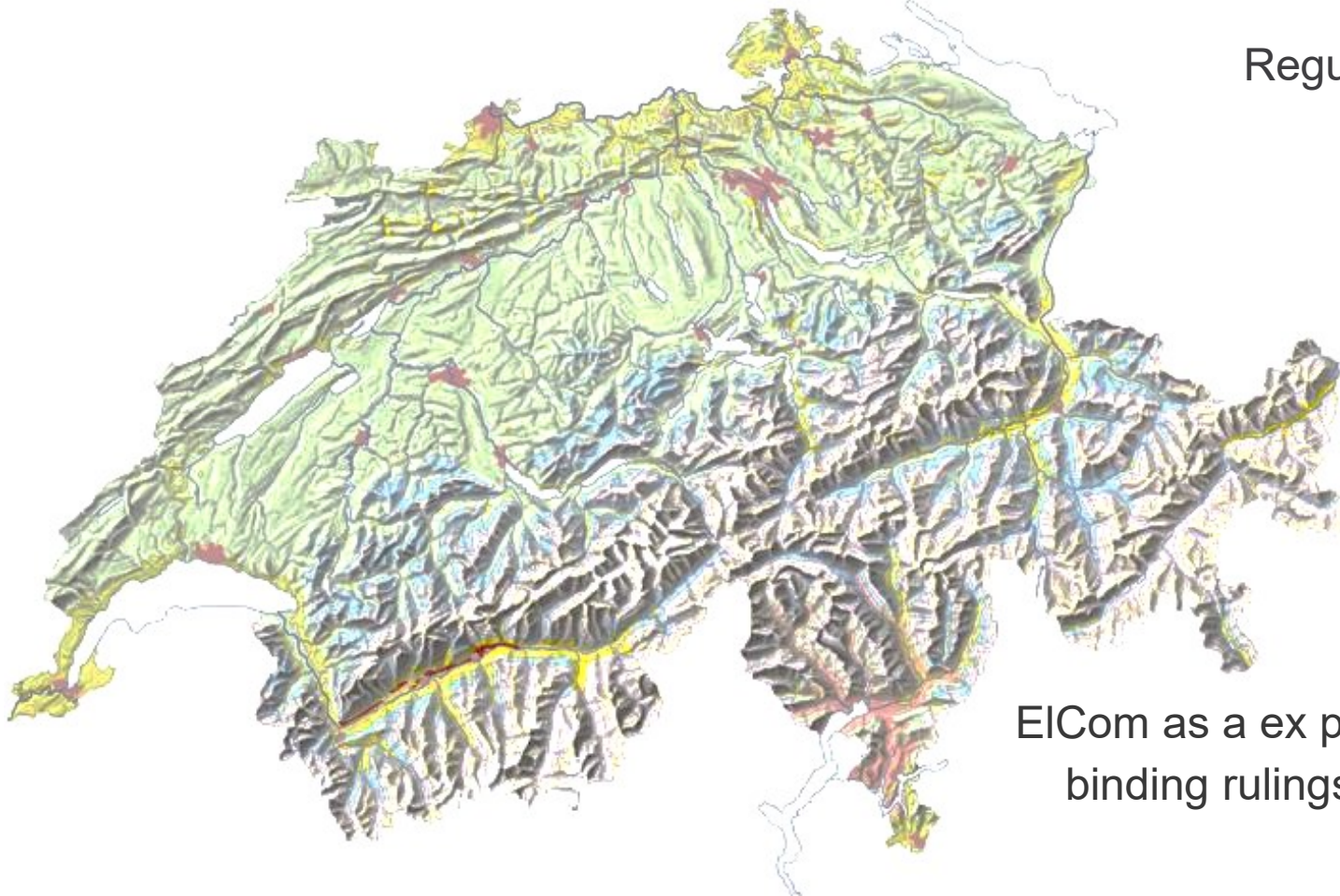
Regulatory end of use for infrastructure 35 – 60 years

OPEX and RAB depending from historical decisions (size, outline of grid, security of supply vs. gold-plating, geography, ...)

RAB valuation raised based on several court decisions

Heterogeneity of Swiss Grid Operators in size regarding clients, grid size, structure, geography

EICom as a ex post regulator and is empowered to request legally binding rulings on disputes, or to pronounce rulings in its official capacity as regulator





# Overview – structural and regulatory context (2)



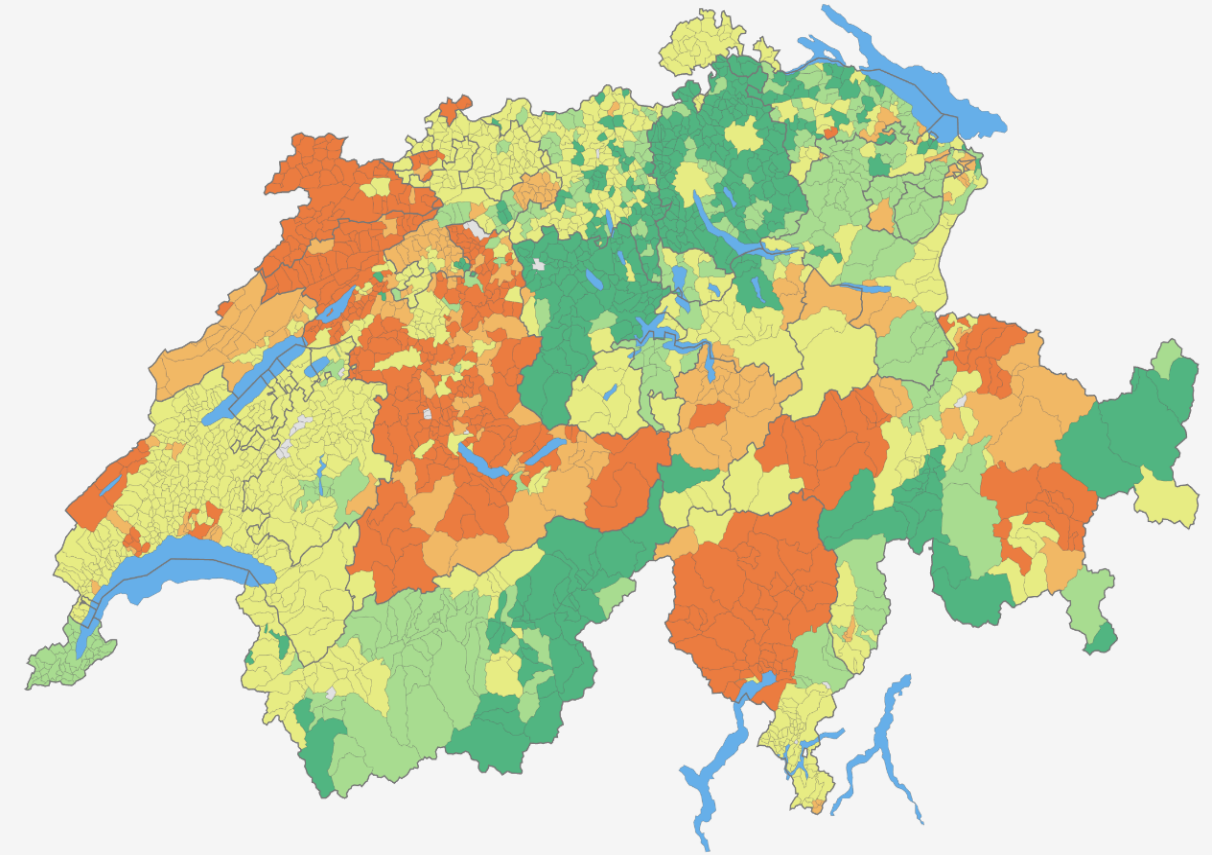
632  
Grid operators

200'000 km  
grid

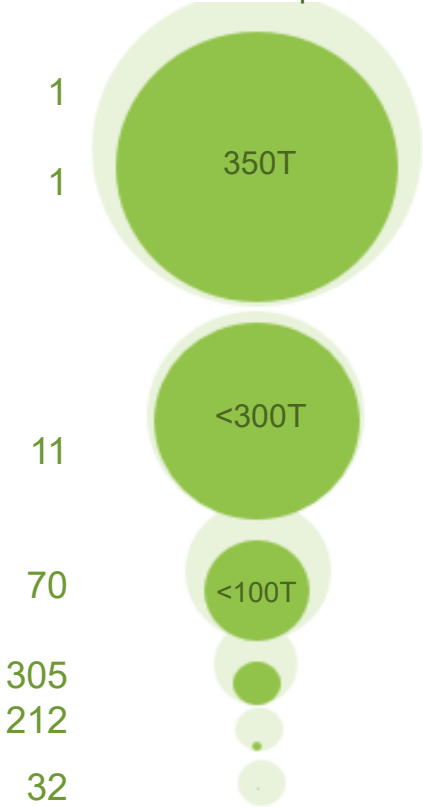
4800 Mio.  
Turnover grid

1500 Mio.  
Cap Ex p.a.

5.6 Mio.  
Clients



Number of bill recipients



24% stock corporations

21% Cooperatives

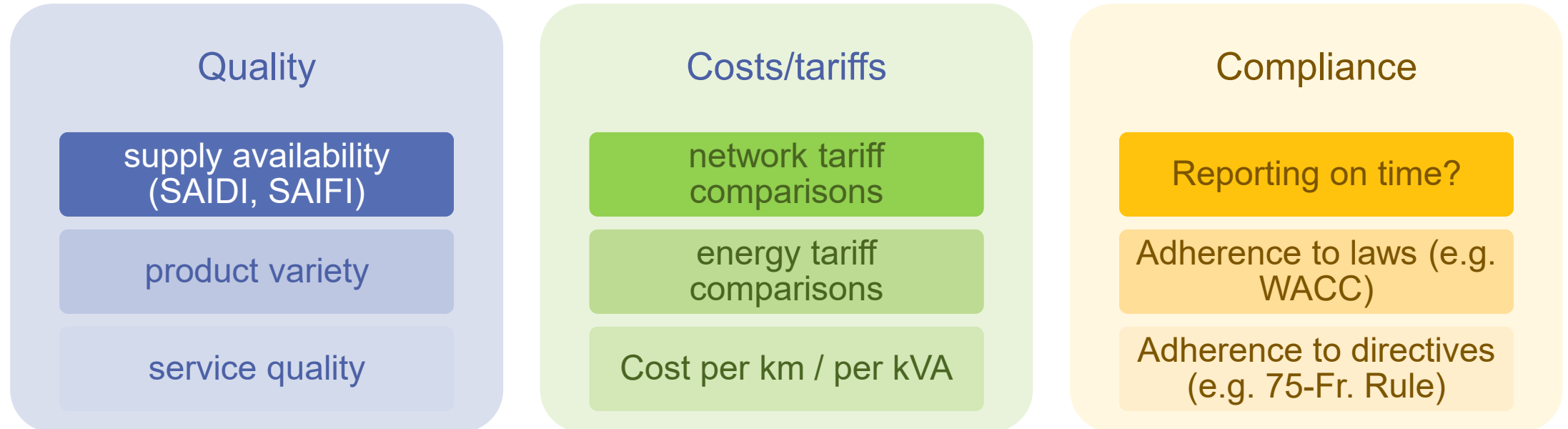
21% public-law companies

34% municipal departments



## Sunshine model in Switzerland: the concept and the indicators






- ElCom understands sunshine regulation to be a multi-dimensional regulatory approach which involves the comparison of the distribution grid operators (DSO) on the basis of indicators and the publication of the results per DSO.
- The indicators should be simple and comprehensible for DSO and public

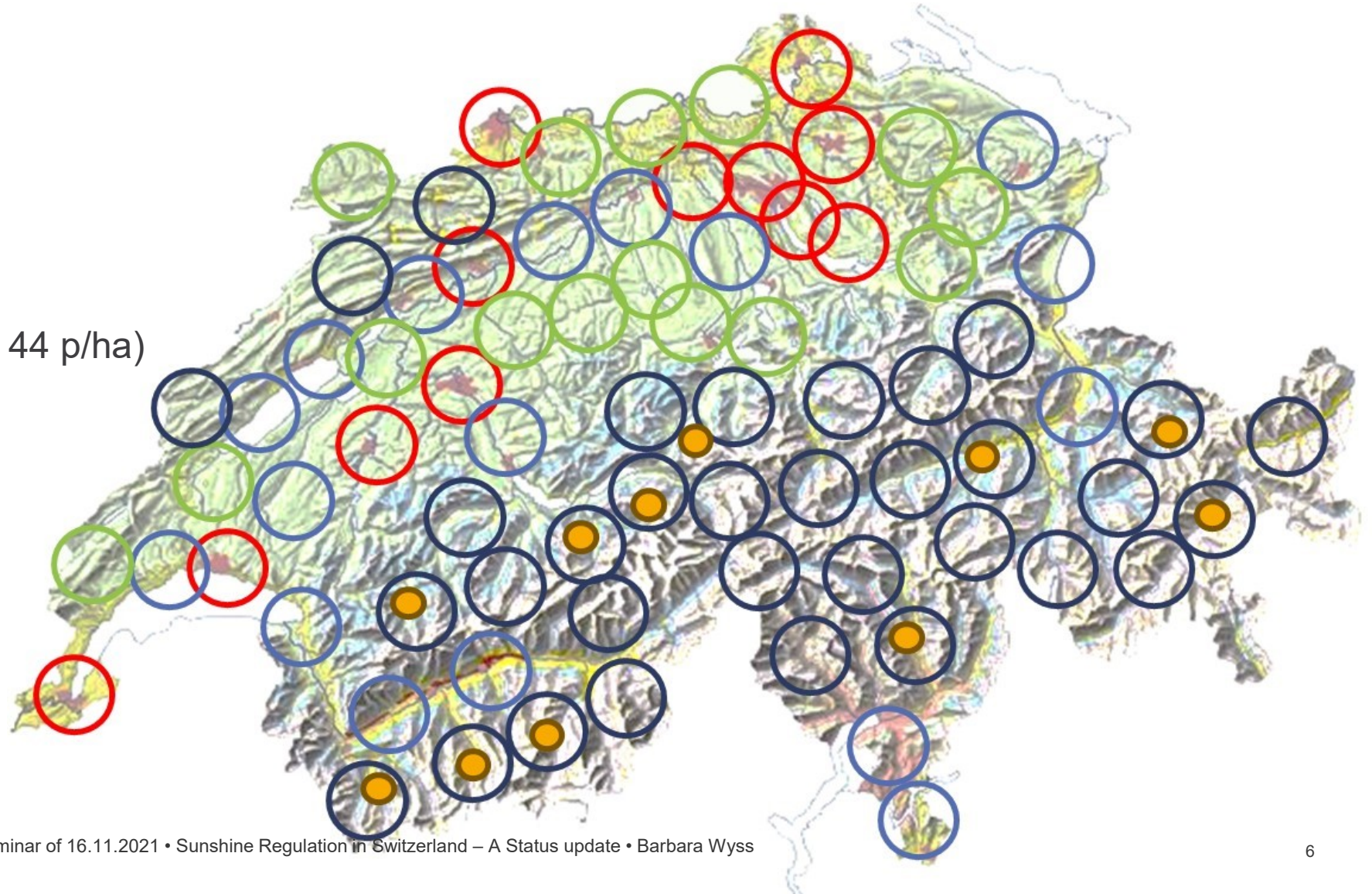




## Sunshine model in Switzerland: grouping of grid operators

density of settlement  
(population per hectares):

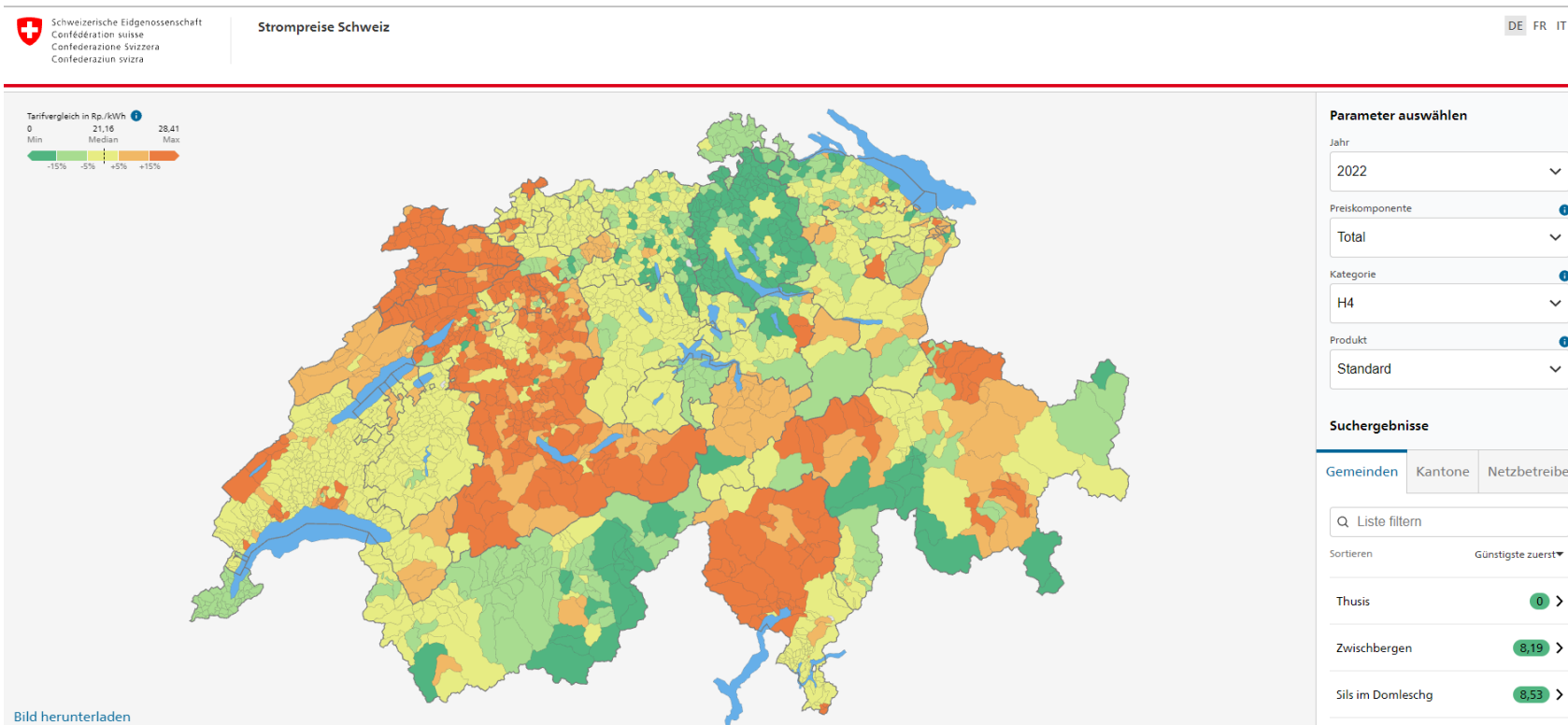
-  High: Urban ( $> 44$  p/ha)
-  Medium: Suburban (25 - 44 p/ha)
-  Low: rural ( $< 25$  p/ha)
-  Mountain regions
-  Touristical regions





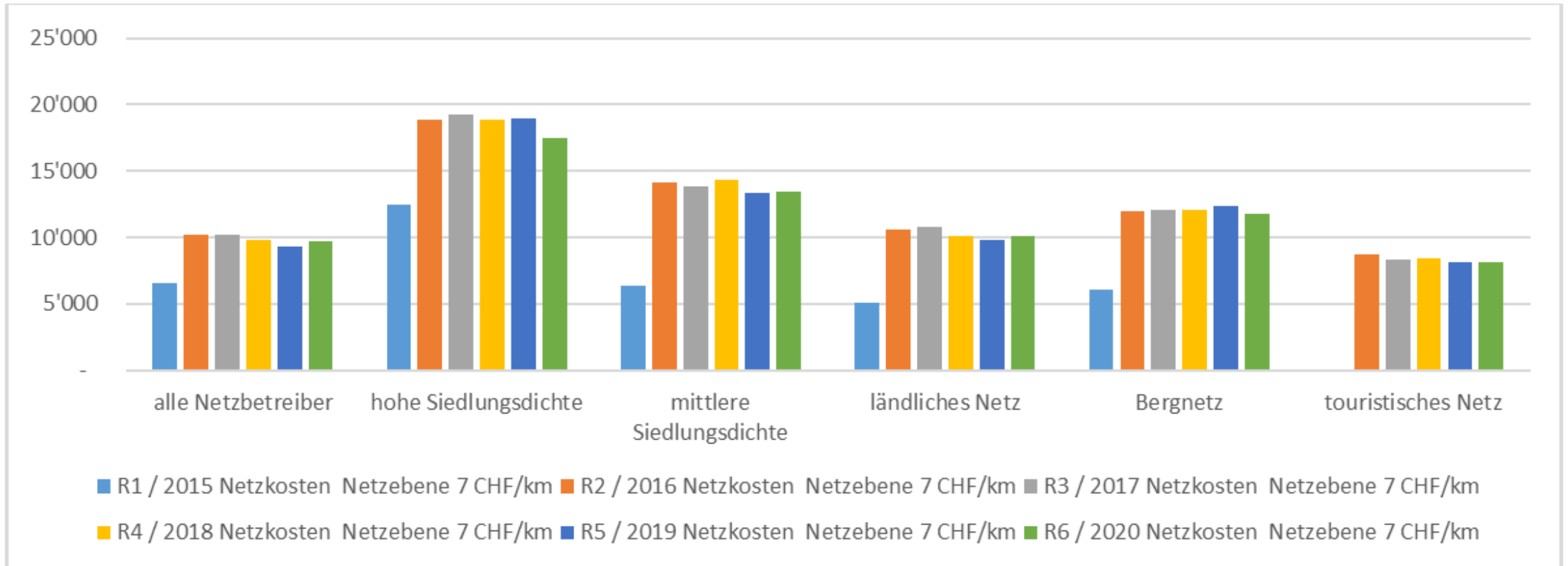
# Challenges and regulatory boundaries

- In Switzerland, there is currently no legal basis for the publication of the results, therefore only the tariffs are published for comparison purposes, see <https://www.strompreis.elcom.admin.ch/>
- The elephant in the room: what are the effects up to now / what will be the reaction of the public?





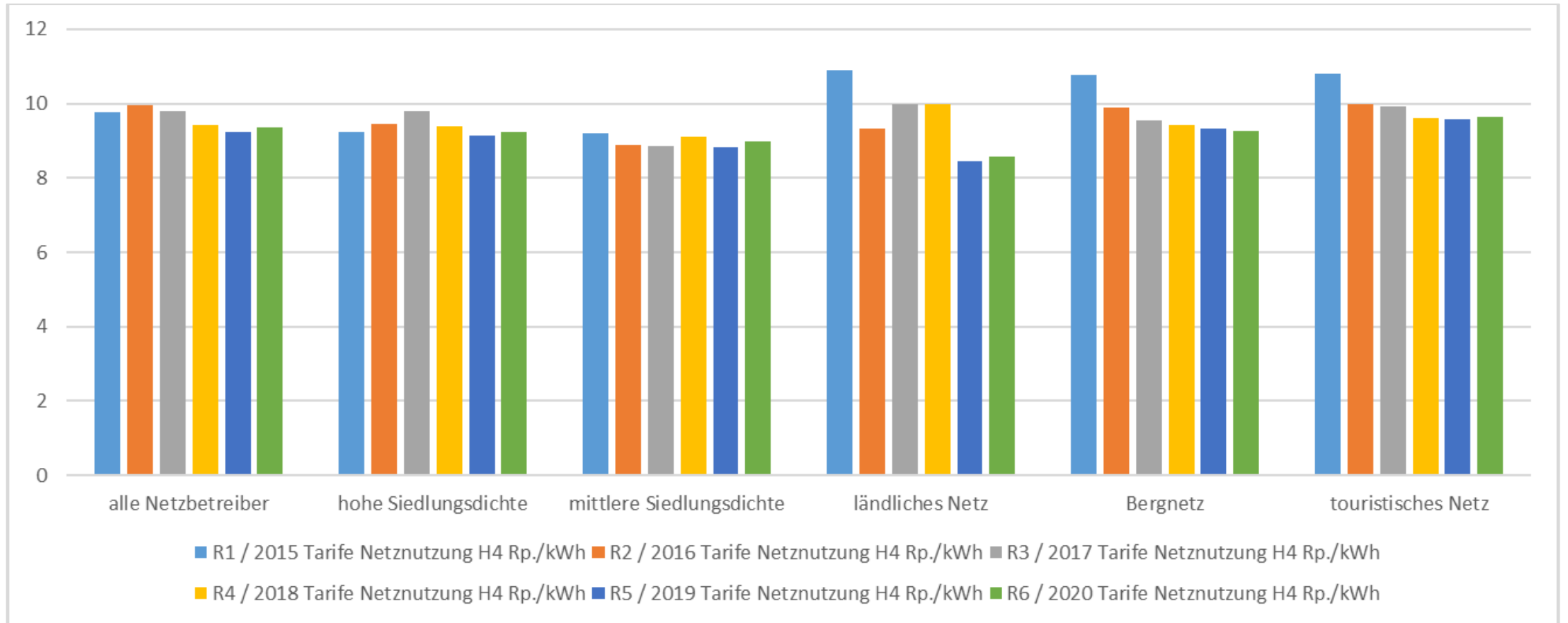
## Some Results: Grid – Mean Cost per Kilometer







## Some Results: Mean Grid - Tariffs





## Wrap up after six years of sunshine regulation «light» in Switzerland

- Simple, comprehensible indicators instead of complex algorithms as a "Benchmark" over time allows:
  - own assessment, peer comparison, recognition of optimization potential and motivates to ensure quality of delivered data
  - provides information on costs as well as tariffs and serves as an instrument for dialog with stakeholders
- Forms part of the over-all regulatory concept of EICom: area-wide observation and regulation, enhanced data analysis and regular assessment in terms of needed action by EICom
- Final effects to be defined as soon as publication of data for public is possible



Only one part of broad activities on the base of a quite strong legal frame and competences of the EICom



- <https://www.elcom.admin.ch/elcom/de/home/themen/strompreise/sunshine.html> – Topic Sunshine on the Homepage ElCom incl. overview of aggregated results and indicators of the last 6 years in D, F, I
- [Eidgenössische Elektrizitätskommission ElCom > Dokumentation > Berichte und Studien > Report on Sunshine regulation in Switzerland 2017](#) (available in D and F)
- [Eidgenössische Elektrizitätskommission ElCom > Dokumentation > Berichte und Studien > Fachartikel > Bewährungsprobe erfolgreich bestanden - Erste Erfahrungen mit der Sunshine-Regulierung - VSE Bulletin 09/2017](#) (available in D with summary in F)
- [Eidgenössische Elektrizitätskommission ElCom > Dokumentation > Berichte und Studien > Fachartikel > Mehr Licht ins Dunkel – VSE Bulletin 9/2015](#) (available in D with summary in F)



Thank you very much for your attention!

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