



6 May 2013

## **Modification of the Swiss system of international electricity trading due to the restructuring (mergers) of trading departments of electricity companies**

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### **Summary**

As of January 2013, within the scope of Switzerland's foreign trade statistics ("Electricity" segment) the net import and export figures of all electricity traders are to be systematically incorporated into the above mentioned statistics. This adjustment was required in view of the restructuring (mergers, etc.) of trading departments in the electricity sector. The change specifically concerns trade-related import and export volumes which to some extent were previously recorded between electricity traders as gross figures, but now have to be more strictly "netted" within the companies concerned. This means that, as of 2013, the electricity import and export volumes and the associated expenditure in Swiss francs (for imports) and revenue in Swiss francs (for exports) will be significantly lower, especially with respect to Germany.

### **1. + 2. General information** (previous method: organisation and implementation)

The SFOE has for many years been collecting monthly statistics relating to international electricity trading. The collected data flow into Switzerland's electricity statistics as well as into its foreign trade figures (Federal Customs Administration, FCA), since electricity is allocated to the "Special trading" segment. The central collection by the SFOE of data relating to international electricity trading results in a significant easing of the burden for domestic and foreign electricity trading companies. This easing is attributable to the fact that, on the one hand, foreign trade data only have to be delivered to the SFOE, and not to the FCA as well, and on the other hand, quality control is secured centrally by the SFOE.

Switzerland's foreign trade statistics in the "Electricity" segment are based on contractual international electricity trading. This means that Swiss international electricity trading is based on contractual commitments, not on physical cross-border electricity flows. Since physical cross-border electricity flows represent the balance of all contractual imports and exports, the figures are normally lower than the contractual commitments.

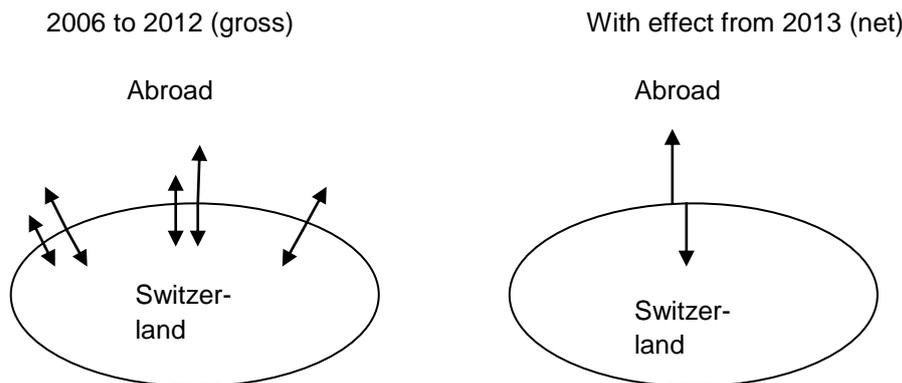
Since 2006, the gross balance group settlements have formed an integral part of Switzerland's contractual international electricity trading, together with the bilateral arrangements (for example, the long-term import agreements with France). In simplified terms, this means that all contractual exports and all contractual imports are added together. This definition was agreed with the main users of SFOE foreign trade data within the federal administration, namely (alongside the FCA) the Swiss National Bank (SNB; income balance), the State Secretariat for Economic Affairs (SECO) and the Swiss Federal Statistical Office (SFSO; GDP estimates), as well as with the leading (domestic) electricity traders.



### 3. New method

As a result of the restructuring process within the electricity industry, for example involving mergers of trading departments, since the end of 2012 the balance group figures (imports, exports) have been significantly lower, especially with respect to Germany. [Note: imbalances resulting from trading activities (purchase/sale of electricity) in the balance groups have to be offset internationally by electricity traders]. This means that trade-related import and export volumes which to some extent were previously recorded between electricity traders as gross figures, now have to be more strictly “netted” within the companies concerned. In simplified terms, this means that net exports/imports now have to be added together. This change, which became necessary due to restructuring in the electricity industry, calls for an unavoidable modification of the system and is irreversible.

Details concerning imports and exports per quarter-hour and country form the basis for reporting data. Below is a simplified diagram that is intended to illustrate the change in the system (for a specific quarter hour):



Example in figures:

Total exports:  $50 + 60 + 70 + 80 = 260$

Total imports:  $10 + 40 + 80 + 50 = 180$

Total exports = 260

Total imports = 180

→ exports = 90 / imports = 10

Here it should be noted that “netting” does not mean balancing (of imports or exports to zero), and this therefore means that when the quarter-hour figures are added together over a month (the chronological reference period for foreign trade statistics), import and export volumes (and thus the associated amounts in Swiss francs) still have to be recorded in the statistics.

### 4. Consequences

The systematic “netting” of contractual, trade-based electricity imports and exports results in a significant reduction in Switzerland’s import/export volumes from/to Germany, in terms of energy quantity (in GWh) as well as Swiss foreign trade statistics in Swiss francs.

The following two tables show the effects of the modification of the system based on the month of October 2012.



Table 1: Effects of “netting” on volumes, financial figures and tariffs, October 2012 (Germany only)

	Exports to Germany	Imports from Germany	Exports to Germany	Imports from Germany
Published by SFOE / restated	Published by SFOE	Published by SFOE	Restated	Restated
Energy volumes	4,162 GWh	4,554 GWh	262 GWh	654 GWh
Figures in Swiss francs	278.1 million	299.8 million	18.6 million	40.2 million
Tariffs	6.70 cents per kWh	6.60 cents per kWh	7.34 cents per kWh	6.24 cents per kWh

Table 2: Effects of “netting” on volumes, financial figures and tariffs, October 2012 (all countries)

	Exports (total)	Imports (total)	Exports (total)	Imports (total)
Published by SFOE / restated	Published by SFOE	Published by SFOE	Restated	Restated
Energy volumes	7,015 GWh	7,174 GWh	3,115 GWh	3,274 GWh
Figures in Swiss francs	478.7 million	467.9 million	219.1 million	208.4 million
Tariffs	6.86 cents per kWh	6.53 cents per kWh	7.11 cents per kWh	6.39 cents per kWh

Switzerland's monthly import/export figures (in GWh) from January 2013 onwards will approximate the figures for the monthly technical schedules (according to Swissgrid) and the physical cross-border electricity flows.