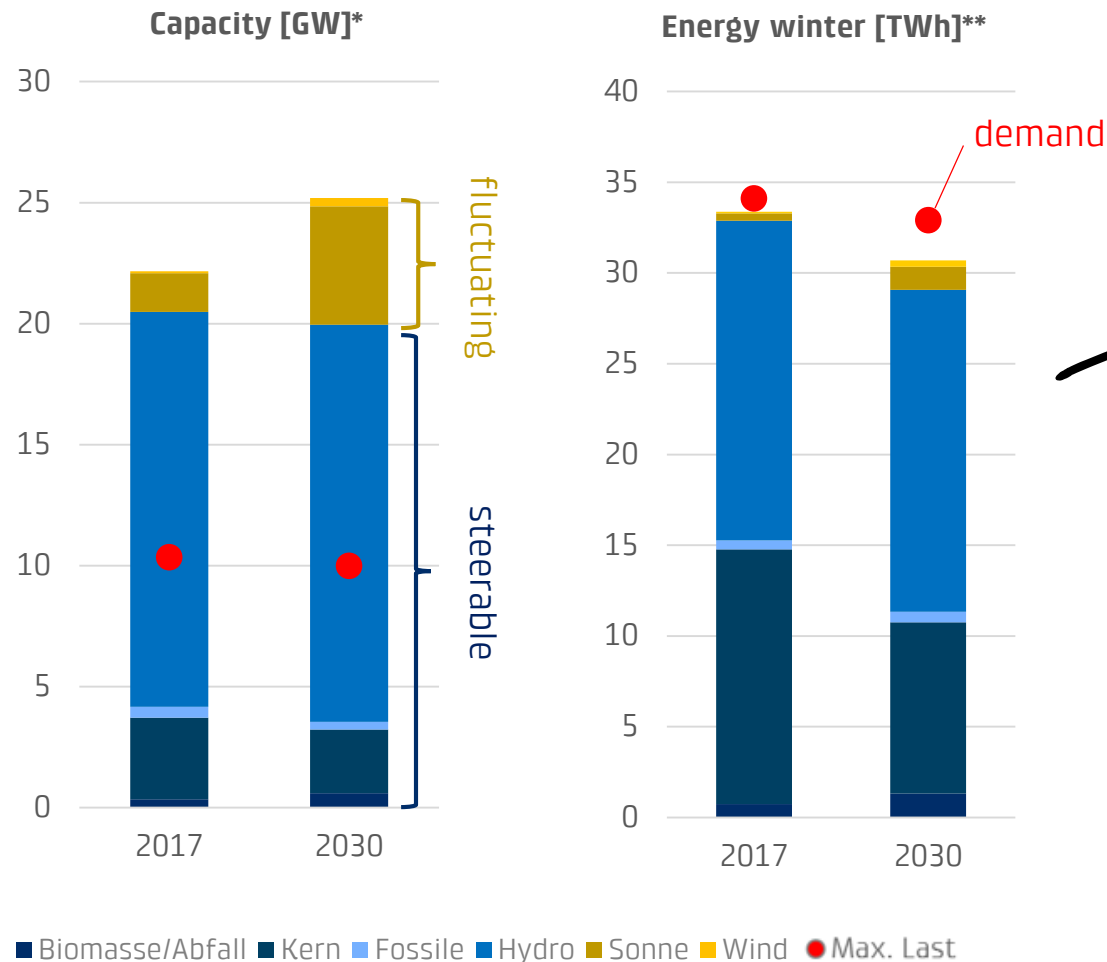


A capacity market for Switzerland

Future electricity markets between liberalisation
and regulation

Energy security in Switzerland



Energy as a problem – not capacity

- Large share of hydro storage capacities
- *Critical energy supply end of winter, when hydro storage is exhausted*

Increased (re-)investment requirements

- Reinvestment hydro, Phase out / end of lifetime nuclear
- *Does the energy-only-market design provide adequate (re-) investment incentives?*

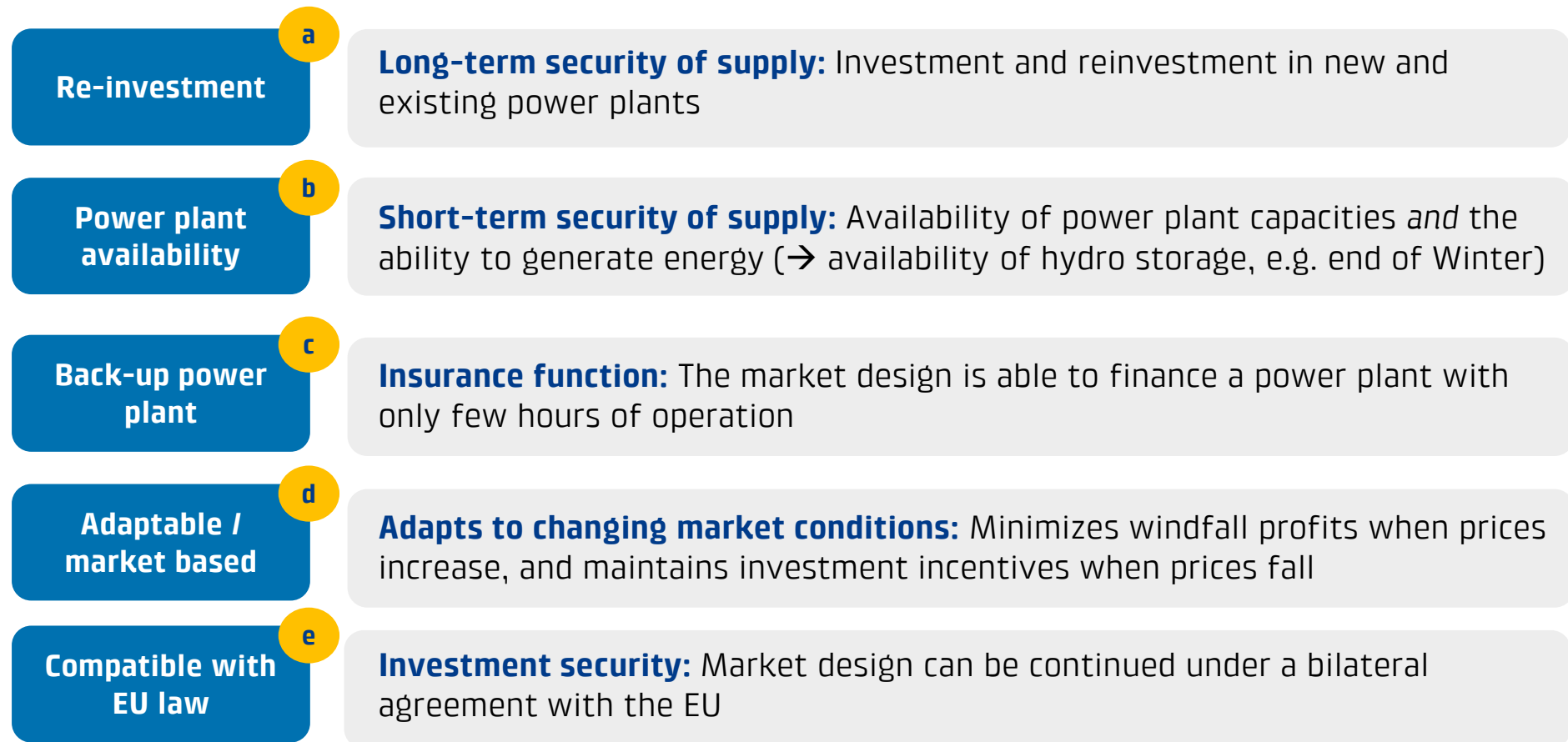
Need for back-up

- Neighbouring countries (DE/FR): Fewer steerable power plants vs. more renewables
- *Continuing high relevance of imports, but increased uncertainty*

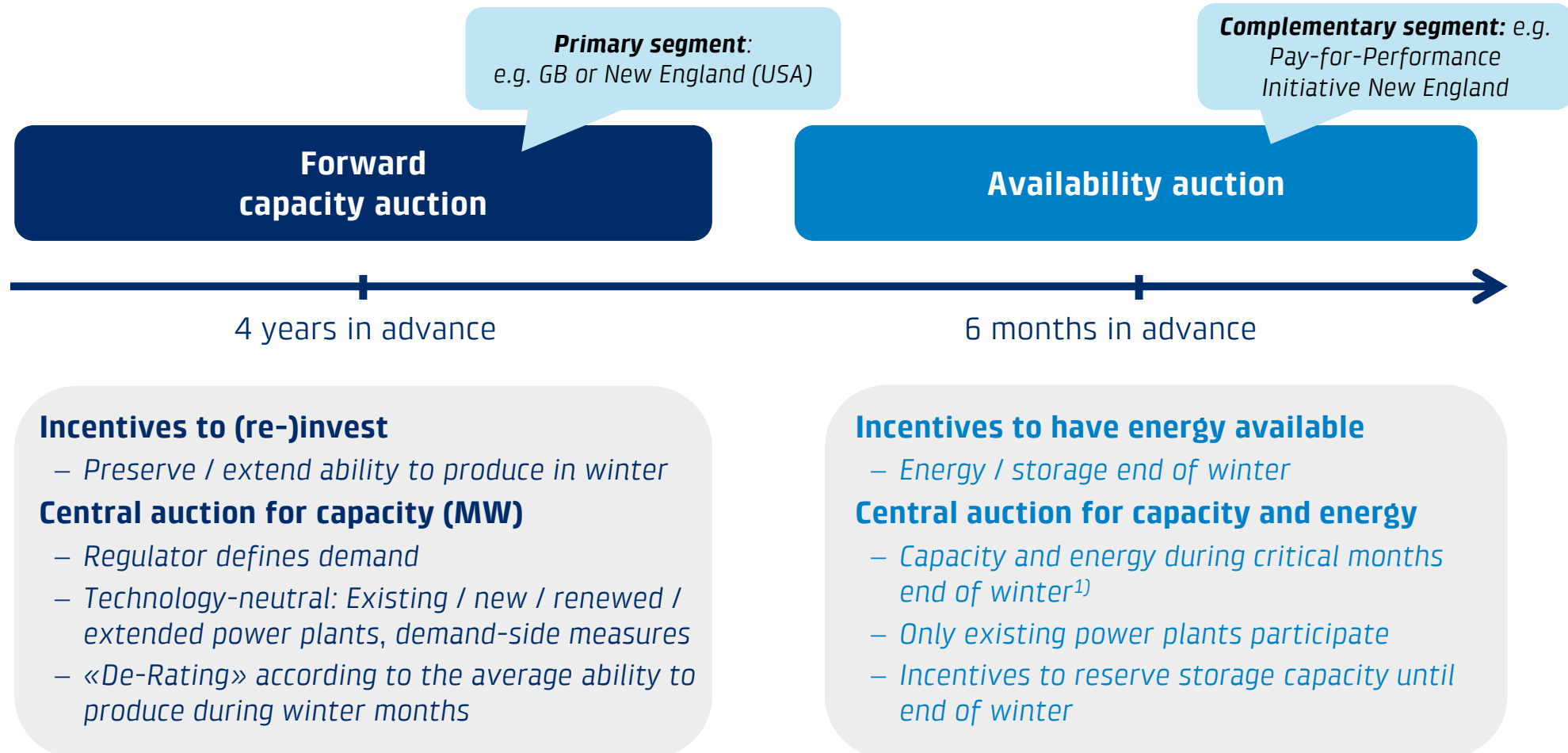
*Ausbau EE gem. Swissgrid-Kernszenarien «On Track» / «Slow Progress» (bez. Wind)

**Produktionspotenzial

Swiss market (re-)design – requirements



BKW-Model: A Swiss specific capacity market



1) E.g. permanent generation capability for a period of e.g. 10 days in April

Strengths of the model

	Capacity auction	Availability auction
a <i>Reinvestment</i>	Green	Red
b <i>Power plant availability</i>	Red	Green
c <i>Back up power plant</i>	Green	Green
d <i>Adaptable / market based</i>	Green	Green
e <i>Compatible with EU law</i>	Green	Green

Swiss peculiarities

- Addresses «energy problem» in winter
- Reinvestment incentives hydro
- Financing back-up power plants is possible
- Compatible with current partial and future full market liberalization

Complement to the energy strategy

- Not a replacement, but a complement to the support for new renewable energies
- Additional income for renewables with higher value for security of supply
- All customers benefit– financed by network surcharge