

Energy Policy

The time for ***energy policy self-discovery*** has run out

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At a glance

- Energy is the basis for prosperity, progress and climate goals. However, Switzerland is massively lagging behind in the necessary expansion.
- Without rapid investment in grids and renewable energies suitable for winter, there is a risk of high and volatile electricity prices that will weaken the economy and the country as a business location.
- Three priorities are crucial: an electricity agreement with the EU, a reassessment of the ban on nuclear energy and an accelerated expansion of hydropower, wind and alpine solar.

The importance of energy - and electricity in particular - for a prosperous society can hardly be overestimated. Energy creates prosperity. The correlation between electricity consumption and economic output per capita is around 80 percent. Or to put it simply: There are no energy-poor countries that are prosperous. Energy also drives progress: research, digitalization and future technologies such as artificial intelligence are inconceivable without massive amounts of electricity - and they in turn help us to increase energy efficiency. Energy is therefore also a prerequisite for sustainability. Without electrification and a great deal of emission-free electricity - for carbon capture, for example - the climate targets are a waste of time.

A look at Switzerland's starting position is all the more worrying. Around two thirds of the electricity production required by 2050 has not yet been built. Although politicians and voters have set ambitious targets, reality is lagging dramatically behind. In 2024, the necessary expansion was missed by 53 percent, in 2023 by as much as 68 percent. Alpine solar projects are being redimensioned and wind power plants are stalling. In the case of hydropower, we can be happy if the expansion is just enough to stabilize the declining yield due to new regulations.

Rooftop solar is growing, but the momentum is also levelling off there. It would also be dangerous if practically only rooftop solar were to make progress. The result would be an oversupply of summer electricity, which would push prices into negative territory, economically ruin base-load capable power plants and be unusable due to a lack of storage. Added to this are electricity grids that are overloaded, cannot keep pace with decentralization and require investments in the tens of billions.

The consequences are foreseeable: rising and highly fluctuating electricity prices, especially between summer and winter. This is poison for an industry that has to produce all year round and is already suffering from electricity prices that are high by international standards. Without an adequate supply of electricity, investments, jobs and purchasing power will suffer.

In light of this, it is difficult to understand the nonchalance with which we continue to engage in energy policy trench warfare. Red lines dominate the debate. It doesn't take an energy expert to recognize this: Clean, safe, cheap

electricity from Switzerland, without wind power, without nuclear power and without interfering with the landscape are one too many conditions.

Three realities can no longer be ignored:

1. **An electricity agreement with the EU is essential.** Integration into the European electricity market increases security of supply, reduces the need for expensive reserves and saves tens of billions of euros in the medium term. On closer inspection, the often criticized "disadvantages" (keyword: market liberalization) are opportunities to cut out old habits. You can take whatever stance you like on the bilateral agreements. But the electricity agreement is a "no brainer".
2. **The ban on nuclear energy is no longer tenable.** Nuclear energy is experiencing a global renaissance. Over 200 plants are under construction or in planning, the EU classifies them as green and "essential" for net zero. China and the USA are also focusing on renewables and nuclear power. Realistically, we will not be able to do without nuclear power in Switzerland any time soon. Replacement new builds for the existing nuclear power plants could be necessary to avoid a massive shortfall after 2050. Incidentally, this is a sham debate: we are not choosing between nuclear power or no nuclear power. It's a choice between Swiss nuclear power or importing French nuclear power.
3. **We need to make progress with renewables that are effective in winter.** This applies to hydropower as well as wind power and alpine solar. This requires faster procedures, more targeted funding and determined grid expansion. Given the political headwinds, we must also focus on projects that have the best possible cost-benefit ratio - and bring them to the finish line unconditionally.

The clock is ticking. Either we solve the problem in the tried-and-tested Swiss way - pragmatically - or the problem overwhelms us. Because the energy system does not follow political wishful thinking, but the laws of physics. And physics will not wait until we have completed our energy policy self-discovery.

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