

Procurement of electrical energy

Federal Office for Buildings and Logistics

Key facts

Ever since the electricity market was partially opened up in 2009, the FOBL, as a major consumer, has had the possibility of procuring power on the free market. Unlike energy, the costs for grid utilisation are still levied by the monopolized grid operators. The SFAO's aim is to use the audit to assess whether the FOBL procures power in an economical manner and complies with the ecological principles of the Federal Council, and whether there is sufficient security of supply with regard to power.

Based on the price trend, the FOBL decided at a favourable time to procure electrical energy on the market from 2013 onwards. Since then, the FOBL has procured energy on the market twice, once for 2013 to 2015 and once for 2016. The order values for the two acquisitions were CHF 11 million (2013-2015) and CHF 6 million (2016), respectively. With its market procurement, the FOBL bought at a lower price than within the framework of basic supply.

At present, the FOBL procures approximately 1.1 gigawatts on the free market, representing approximately 90% of the required amount of electricity for all FOBL real estate and facilities. The power purchased is entirely generated from hydropower. For those power consumers that continue to obtain power from the local basic supplier (just less than 10% of requirements) the FOBL purchases green certificates. With its market procurement, the FOBL is also emphasising its commitment to consideration for renewable energies.

To summarise, the SFAO made the following observations and also made recommendations:

- The SFAO believes the timing of the FOBL's market entry is plausible. The FOBL has built up expertise and the marketable properties meet the technical prerequisites for procuring power on the market.
- The ecological quality requirements with regard to the power mix (100% hydropower) are from the "Switzerland as a role model" coordination group under the leadership of the Swiss Federal Office of Energy and are comprehensible for the SFAO.
- Regarding market entry, the easy-to-implement procurement model of so-called "full supply" was sensible in the SFAO's view. However, the FOBL should check at the time of its next procurement whether new services and products in the power sector could lead to further cost reductions.
- The procurement of electrical energy on the market led to significantly lower energy costs at the FOBL. These savings made it possible to absorb the sometimes sharply rising costs for grid utilisation and levies.
- When selecting the procurement procedure, the SFAO recommends rechecking the method used with a view to the next procurement. Moreover, green certificates should also be purchased in compliance with public procurement law in the future.
- The SFAO identified deficiencies with regard to procurement processing as well as compliance with the principle of equal treatment. It expects measures from the FOBL to comply with the legislative framework and the generally applicable federal standards.



- The delivery contracts audited do not meet the Confederation's standards. The SFAO found that the FOBL ceded the lead to the contracting parties during contract preparation. This resulted in contracts that are formulated in a one-sided manner, with the power supplier dictating the conditions to the Confederation. The SFAO recommends that the FOBL should check the signed power delivery contracts as quickly as possible and use risk considerations to assess whether it is necessary to amend them immediately, as well as draft a specific model contract for future tenders.

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