

Audit of the supervision of electricity grid operators' tariffs

Federal Electricity Commission

Key facts

The Federal Electricity Commission ElCom is the independent state regulatory authority in the electricity sector. With around 43 employees, it supervises, among other things, the tariffs of grid operators in the non-liberalised electricity market and the grid usage tariffs. It monitors around 640 companies for compliance with the Electricity Supply Act and the Energy Act, takes the necessary decisions and issues rulings. ElCom works with a database that no longer reflects the current state of the art and offers only limited evaluation options.

The Swiss Federal Audit Office (SFAO) examined the appropriateness and efficiency of the supervision of grid operators and their electricity and grid tariffs.

ElCom's supervision of the electricity grid operators' tariffs is conducted correctly and in accordance with the law. However, the following measures would improve efficiency and effectiveness.

Audit strategy should be geared more closely to the respective network operators

ElCom's implementation of its current audit strategy is sound and can detect significant errors in network operators' tariffs. However, there is potential to apply a risk-oriented audit approach. Network operators should be audited according to their complexity, identified deficiencies and other risk drivers. With the planned introduction of a new IT solution for auditing cost accounting and the extended audit approach, the process can be simplified and improved compared to the current situation. The necessary work is underway.

Optimise resource deployment

In order to further increase the quality of the audits, a systematic, annual and rolling audit schedule must be established in addition to existing staff planning. This will allow a more targeted deployment of personnel resources and enable the implementation of the risk-oriented audit strategy. Due to ElCom's small size, formal regulations for deputies and well-documented quality assurance measures are a challenge. In addition, specialist expertise is limited to a small number of employees. Greater attention should be paid to these internal risks.

The legal framework means ElCom has only weak regulatory instruments. It assesses tariffs on the basis of information provided by the grid operators without, for example, having access to internal cost accounting. A more far-reaching obligation on the part of grid operators to provide information and cooperate would be conducive to efficient supervision. The asymmetry of information could be reduced if the data could be consulted on site.

Potential for automation must be realised

The existing IT solution is outdated and presents risks in terms of data backup and interfaces, for example. The planned replacement of the existing IT solution is intended to automate processes and enable more effective supervision. In this context, it is important that ECom comprehensively incorporates the requirements of new and foreseeable future business demands.

Irrespective of the introduction of a new IT solution, data backup and recovery must be checked regularly to ensure that data can be fully and correctly restored in the event of an outage.

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