

WHOLESALE ELECTRICITY PRICE PROJECTIONS FOR CYPRUS

NOVEMBER 2007 Edition



Pöyry Energy Consulting, established experts in the European energy markets, is pleased to announce the release of our first edition of the ILEX energy report on the Cypriot electricity market.

This independent report contains **price projections out to 2025 for the wholesale electricity market in Cyprus** and investigates key issues such as the future arrival of LNG to the island, the impact of the Large Combustion Plant Directive and the EU Emissions Trading Scheme.

There are four scenario projections of electricity price, at the wholesale level, out to the year 2025. In addition, we comment on **what each of these scenarios means for the profile of prices** through the year. We also present supply curves for a winter and summer business day for the year 2020 and new entry prices compared to our wholesale prices. Oil and gas price projections are explained in detail, plant availabilities given, capacity growth in renewables and thermal plant reviewed and demand projections presented.

The scenarios assume that generators incur, and pass through

to customers, a carbon cost determined by the EU ETS.

The report describes our use of scenario-based analysis. Four scenarios outlined below capture variations in two key drivers, oil and gas prices and the retirement of oil.

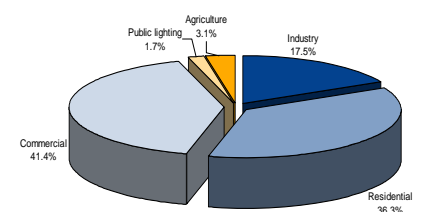
- a **“high with no oil retirement”** scenario which examines the effect of high fuel and carbon prices combined with a generation fleet that contains all the oil plant currently in operation;
- a **“low with no oil retirement”** scenario which examines the effect of low fuel and carbon prices combined with a generation fleet that contains all the oil plant currently in operation;
- a **“high with oil retirement”** which examines the effect of high fuel and carbon prices combined with the retirement of

some of the oil plant currently in operation; and

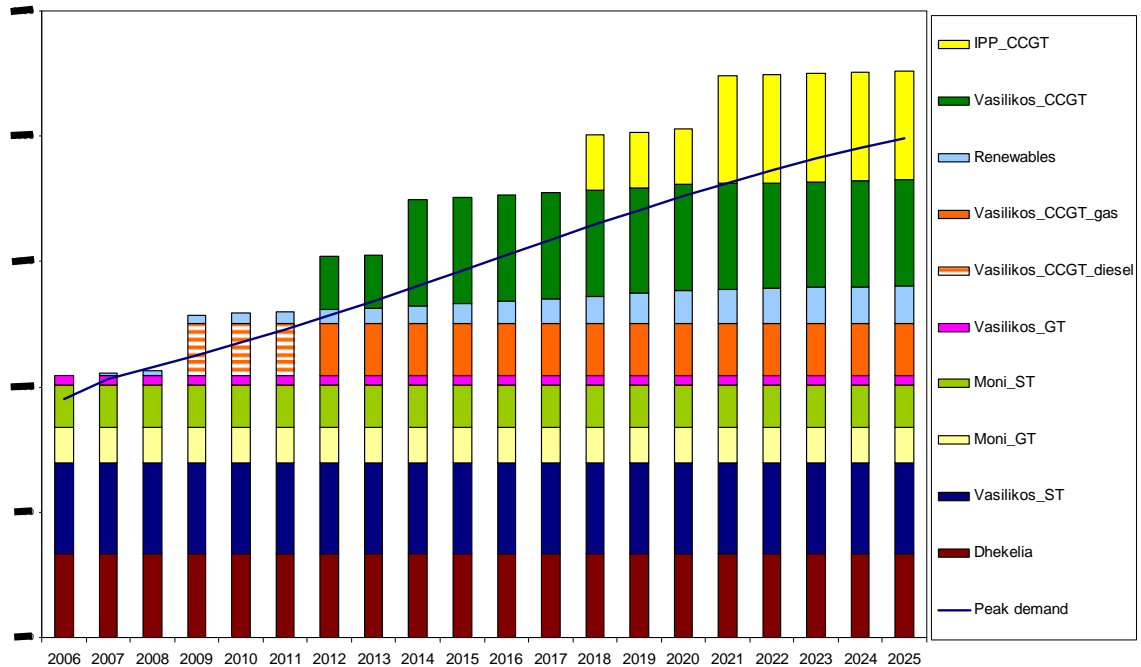
- a **“low with oil retirement”** scenario which examines the effect of low fuel and carbon prices combined with the retirement of some of the oil plant currently in operation.

The report contains a clear explanation of our assumptions about inputs into our modelling process. These include oil and gas price projections, pass-through of carbon costs, plant availabilities, projected new build and demand forecasts.

The graph below shows electricity consumption by sector in 2006.



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The figure above charts the current and projected capacity of Cyprus' summer peak for one of the four scenarios.

As a complementary product, Pöry can provide complete **arrays of projected hourly prices** on a monthly or sample business/non-business day format, out to 2025.

We also offer customisation options such as **plant specific load factors, price duration curves and merit orders**.

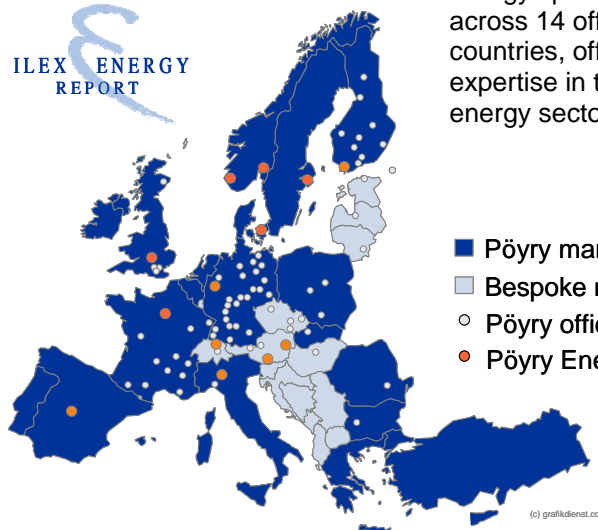
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