

WHOLESALE ELECTRICITY PRICE PROJECTIONS FOR GERMANY

October 2007 Edition



With the need for around 40GW of new capacity by 2020, Germany is currently experiencing a flourish of interest in new plant developments.

Pöry Energy Consulting is pleased to announce the release of the latest update to the ILEX Energy Report – Wholesale Electricity Price Projections for Germany.

This report provides **price projections out to 2030 for the wholesale electricity market in Germany** and investigates key issues such as the domination of the market by 'the big four', the possible rethink by German government on the current nuclear decommissioning policy and the allocation rules for Phase II of the EU ETS

We also present a comprehensive review of the **history of the German electricity market**, assessment of the various market players and developments in key market sectors.

The update provides our **projections of the fundamental drivers of wholesale electricity prices** and describes the modelling

methodology used to generate the final electricity prices for the German market.

We present four price scenarios and explore the impact of carbon pass through into the electricity price:

- a High price scenario examining the effect of high fuel prices coupled with high demand and a phase out of nuclear plant in line with current policy;
- a Central oil-indexed scenario characterised by gas prices remaining linked to oil, coupled with central demand and a phase out of nuclear plant in line with existing policy;
- a Central oil de-linked scenario characterised by the breaking of the linkage between oil and gas prices, coupled with central demand and a significant build of new gas-fired new entry; and

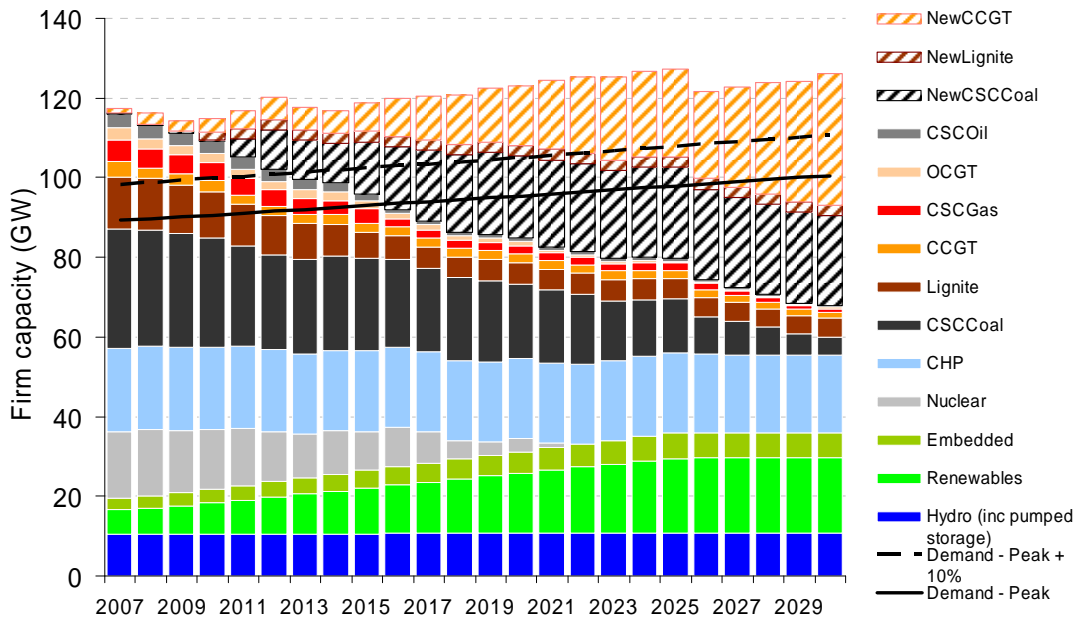
- a Low price scenario where low demand growth, low fuel prices, and a turn around in nuclear policy combine in a highly competitive market.

We review current plans for new capacity in the market and examine the drivers behind different types of new build. This analysis is then compared and contrasted with our price projections to obtain a consistent picture of future market entry.

We also present the spark and dark spreads and produce several sample merit order curves for select years.

The report is 125 pages in length and contains over eighty figures and tables.

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German capacity projections to 2030 illustrating one Pöyry scenario of how the new entry required by 2020 could be split between the various generating technologies

As a complementary product, Pöyry can provide complete **arrays of projected hourly prices** on a monthly or sample business/non-business day format, out to 2030.

We also offer customisation options such as **plant specific load factors, price duration curves, further sensitivity analysis and bespoke runs using client defined input assumptions.**

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