



Baringa wholesale market report for Great Britain: April 2015

Baringa market reports provide a comprehensive overview of European power markets together with forward looking price projections for wholesale commodity prices, capacity market prices, and renewable incentives (ROCs, LECs, CfD strike prices, and Embedded Benefits for the GB market). The reports are produced by our team of energy professionals who are working closely with developers, investors, lenders, utilities, consumers, Government and regulators.

Our clients use Baringa market reports for a range of purposes including:

- To inform and support investment strategies,
- To support analysis of individual buy or sell decisions,
- To support lending cases (our reports are recognised for reliance purposes by banks),
- To support operational decision making,
- To benchmark in-house views, and
- To contrast with other third party views in the market.

We deploy state of the art modelling tools to analyse the market from a variety of perspectives: the formation of energy policy; investment decisions under uncertain conditions; and hour-to-hour plant dispatch. We provide fully consistent and highly detailed forward-looking scenario projections for the market.

Key questions analysed in our latest report

Our April 2015 report examines the future interaction between the Capacity Market and wholesale prices, the evolution of support for renewables following the CfD auction in February, the impact of new interconnectors supported under Ofgem's cap-and-floor regime, whether the Market Stability Reserve and 2030 targets will lead to a recovery in EU carbon prices, and the future for thermal assets in a world of low electricity demand, rising low carbon generation, and depressed infra-marginal rents.

In this latest report we analyse some key questions facing market players investors and developers including:

- Given the collapse in fossil fuel prices in H2 2014, how low could they go in future?
- Are the days numbered for unabated coal plant?
- Will electricity demand continue to fall, or will the new markets of electric vehicles and electric heating bring about a return to growth?
- What impact will new interconnectors, supported by Ofgem's cap-and-floor regime and the CM, have on the power market? Will they displace existing generation capacity?
- Can we expect a new world of small gas engines?
- What are the low carbon technologies of choice? What does the February 2015 CfD auction mean for future renewables capacity?
- How will future capacity auctions transpire and how will they affect the energy market?

Scenarios

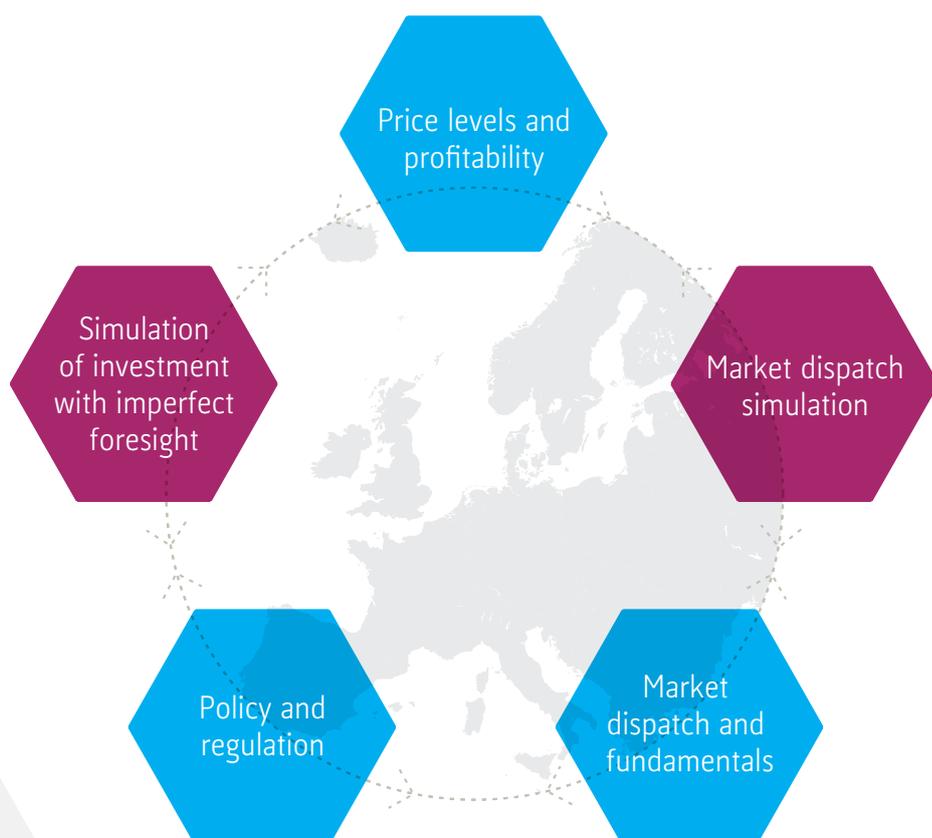
We present four forward-looking scenarios of the market to explore the interactions between policy objectives, macro-economic conditions, commodity prices and technology pathways. In addition to our standard scenarios we are able to develop bespoke scenarios for clients.

The scenario analysis is presented in a comprehensive report which includes a detailed description of the market, the key players, historical prices and the regulation of the sector. We also provide detailed numerical datasets including price profiles, generation and capacity mix, spark and dark spreads and commodity price projections.

Our modeling approach

We apply leading-edge, innovative, quantitative tools for the analysis of the markets. We regularly backcast our models to help ensure accuracy in the forward looking analysis as well as explaining historic market conditions.

Our GB modeling suite combines policy analysis, generation and transmission investment analysis, hour to hour market dispatch and the detailed modelling of the entire generation fleet.



Client workshops

Whilst our reports provide a comprehensive commentary of the market and scenarios, we do welcome the opportunity to meet with clients and present the report over the course of a half-day workshop. This enables us to explore issues bespoke to each client and apply the scenarios to their particular circumstances.

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About Baringa Partners

Baringa Partners LLP is a market-leading consulting company with a focus on energy, commodities and financial services. Baringa Energy Advisory helps clients across Europe to shape

policy, analyse opportunities, build business models and transform performance. Our team specialises in strategy, transactions, finance, energy economics, risk and regulation, market reform and organisational design.