

THE POLISH MARKET AND RENEWABLES REPORT



ILEX ENERGY
REPORT



March 2009 Edition

Pöry Energy Consulting, established experts in the European energy markets, have recently completed an update to our Polish electricity market and renewables study.

This new March 2009 edition discusses the most recent developments in **Poland's fast evolving electricity and renewables markets.**

The report discusses the **development of the wholesale electricity market** in Poland, outlining some of the key trends that have been emerging over recent years. These include the liberalisation process, changes in regulation, and interconnection.

It also contains a detailed explanation of the operation of the **Green Certificate** system, together with an analysis of this market's development to date and its prospects for the future.

We examine the effects of **environmental legislation**- particularly the EU's Emissions Trading Scheme and the Large Combustion Plants Directive.

These are likely to have a significant effect on the Polish market because of the dominance of coal and lignite in the generation mix.

The report describes how **we simulate wholesale prices** and how we project the fundamental drivers of price in order to develop our scenarios for future electricity prices.

The report looks at three underlying scenarios:

- a high scenario, where strong demand growth, high fuel prices, and a high carbon price under the EU ETS sustain a high electricity price during the period modelled;
- a central scenario, where a less aggressive growth in demand, combined with our central projections for fuel and carbon

prices result in a central price for electricity; and

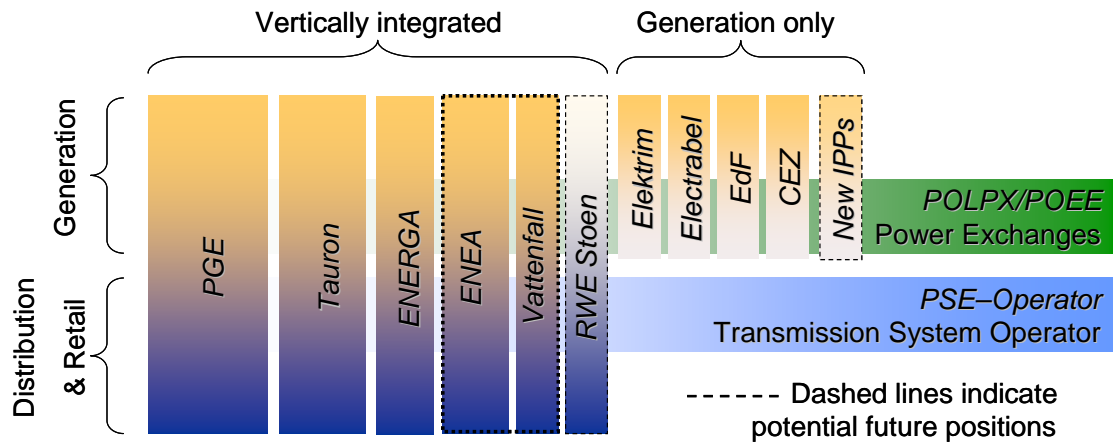
- a low scenario where moderate demand growth, low fuel prices, and a weak carbon price result in a low electricity price.

Coal, oil and gas price projections are explained, plant availabilities given, capacity growth in CHP, renewables and thermal plant reviewed and demand projections presented.

The three main scenarios assume that generators incur, and pass through to consumers, a carbon cost determined by the EU ETS.

We comment on **what each of these scenarios means for the profile of prices** through the year. We also present the spark spread projections that result from our wholesale electricity and gas price projections.

THE POLISH RENEWABLE ELECTRICITY MARKET REPORT



The figure above shows the structure of the Polish electricity market, which remains in a state of change with privatisations still planned despite economic conditions

As well as the underlying wholesale electricity price, the report examines the other stream of revenue available to renewable generators, **Green Certificates**.

The report uses Low, Central and High projections of the cost of developing onshore wind projects in Poland to project how much of the Green Certificates' value a developer would need to realise in order to justify an investment in onshore wind.

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ILEX Energy Reports

Pöyry Energy Consulting produces ILEX Energy Reports for electricity, gas, carbon and green certificate markets across Europe.

Pöyry Energy Consulting is Europe's leading energy consultancy, providing strategic, commercial, regulatory, and policy advice to the energy market.

Our team of 250 energy specialists, located across 15 European offices in 12 countries, offers unparalleled expertise in the rapidly changing energy sector.

