

## WHOLESALE ELECTRICITY PRICE PROJECTIONS FOR CYPRUS FEBRUARY 2009 Edition



**Pöyry Energy Consulting is pleased to announce the release of the latest update to the ILEX Energy report – Wholesale Electricity Price projections for Cyprus.**

This independent report contains **price projections out to 2030** for the wholesale electricity market in Cyprus and investigates key issues such as **market liberalisation**, the future **arrival of LNG to the island**, support for **renewable generation**, need for **construction of new generation capacity**.

As there is currently no wholesale market functioning in Cyprus, wholesale prices are set on an administered basis with an allowance for the pass-through of changes in the oil price. The administered price also determines the level of renewable support.

We use our three oil price scenarios to project how the administered wholesale price would change out to 2015. We also produce three scenarios for market-based wholesale electricity prices out to 2030, consistent with our Pan-European modelling which factors fuel and carbon prices, demand growth and the level of CCGT build required to meet peak demand requirements. The market

scenarios assume that generators incur, and pass through to customers a carbon cost determined by the EU ETS.

The scenarios can be summarised as follows:

- a **High** scenario with high fuel and carbon prices alongside fast demand growth requiring high levels of new CCGT build;
- a **Central** scenario based on central assumptions for fuel prices, demand growth and CCGT build; and
- a **Low** scenario in which fuel prices are low, and slower demand growth means that CCGT build is lower than in the other two scenarios. However, it is significant relative to the size of the Cypriot electricity system.

The comparison of the market-based and administered price projections provide insight into the impact of and prospects for market liberalisation. The market-based

projections also provide insight into the effect on wholesale prices of the arrival of natural gas to the island.

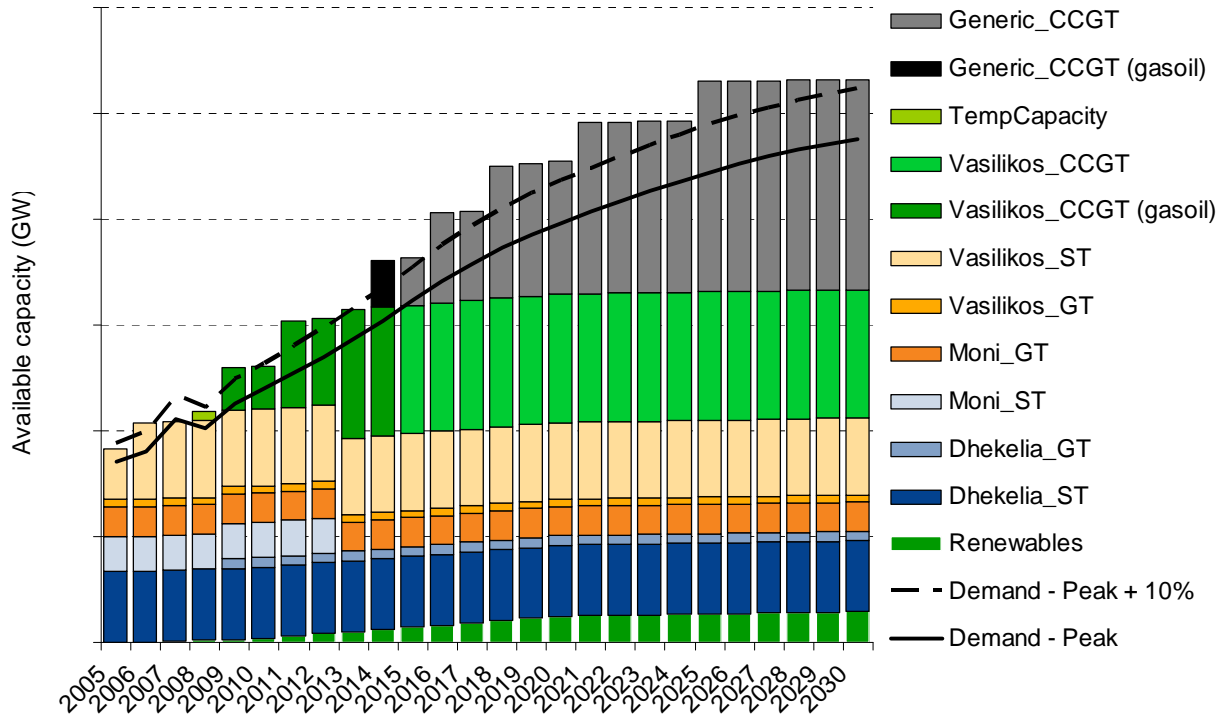
The report contains a clear explanation of our assumptions about inputs into our modelling process. These include oil and gas price projections, pass-through of carbon costs assumptions, plant availabilities, capacity growth in renewables and thermal generation, and projections of demand.

We model the market on an hourly basis for a business day and non-business day in each month of the year. Therefore, the report includes supply curves for selected days in 2010 and 2015, and analysis of which plants are acting as the marginal generator in each hour.

Our market prices are updated each quarter and in addition to our market report we offer a subscription service for price updates. Each purchase of the full report is accompanied by the most recent set of prices.

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The figure below shows the assumed evolution of available generation capacity on the peak demand day in Cyprus



As a supplementary product, Pöry 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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### ILEX Energy Reports

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The team of 250 energy specialists, located across fifteen European offices in twelve countries, offers unparalleled expertise in the rapidly changing energy sector.

Pöry produces ILEX Energy Reports for electricity, gas, carbon and green certificate markets across Europe, providing in-depth market intelligence and long term price projections.

