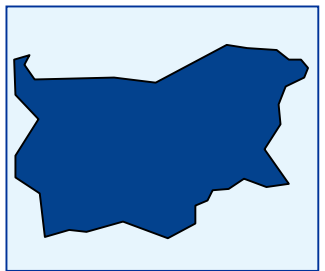


WHOLESALE ELECTRICITY PRICE PROJECTIONS FOR BULGARIA January 2010 Edition



ILEX ENERGY
REPORT



With a liberalising market, anticipated capacity additions and potential for renewable project development, the Bulgarian electricity market is the focus of significant interest for global energy players.

The report contains **price projections for the emerging wholesale electricity market in Bulgaria**, and investigates key issues such as the future for renewable energy, new capacity additions and cross border flows with neighbouring countries.

The report contains a review of the **history of the electricity market** liberalisation in Bulgaria, and how this relates to the current market structure.

Recent, ongoing and anticipated market events are also detailed.

The current support mechanism for renewable electricity generation projects is explained, along with potential future developments in this respect. The report describes **how we simulate wholesale prices** in

the market and how we project the fundamental drivers of price in order to develop our scenarios for future electricity prices. We include coal, oil, gas and carbon price projections, assumptions on plant availabilities, capacity growth in renewables and thermal generation, and projections of demand.

We examine three underlying market scenarios:

- a **High** scenario where high demand is coupled with high fuel and carbon prices, and a low capacity margin;
- a **Central** scenario based on central assumptions for fuel prices and demand growth, and our central case for new

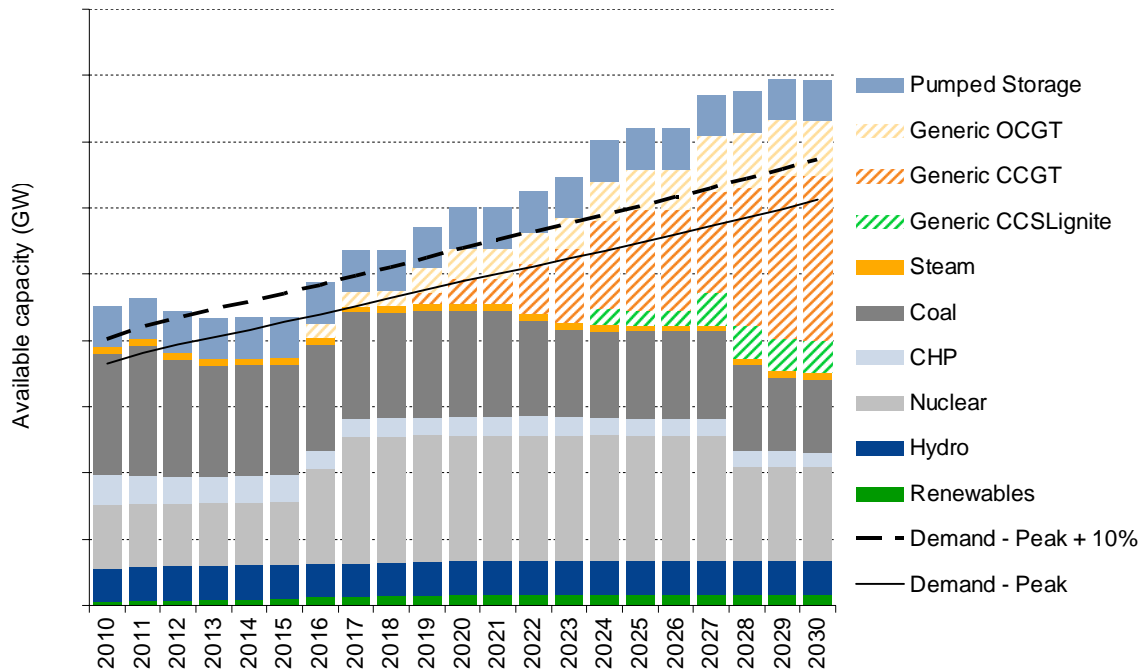
entry and capacity margin; and

- a **Low** scenario where low demand growth, low fuel prices, and a large capacity margin combine to produce a highly competitive market.

In line with these scenarios, we have three projections of annual baseload electricity price, at the wholesale level, out to the year 2030.

We also present projections of the value attached to green certificates. These projections are provided on the basis that a green certificate market is introduced in Bulgaria in 2012, as currently envisaged.

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The figure above charts the development of Bulgarian firm capacity at winter peak for the Central scenario. Looking forward, new power stations, including nuclear capacity are necessary to meet demand.

While we cannot predict events or other shocks that result in short term aberrations in prices, we believe that our scenarios capture the range of long run average electricity prices in Bulgaria.

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

We can also provide wholesale price projections based on an **average** rather than marginal cost methodology.

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

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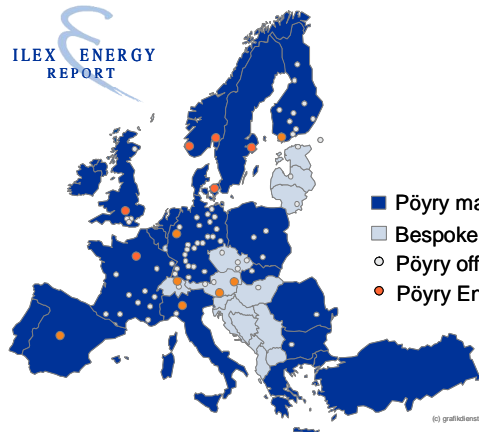
ILEX Energy Reports

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

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