

COVID-19: European power price projections in the short-to-medium term

The worldwide spread of COVID-19 outbreak has led many Governments to adopt unprecedented and extraordinarily restrictive measures including near complete lockdown and closure of many business activities.

Such measures have led to a general slowdown of the world economy, impacting commodity prices across the board at a global level. Many European markets have also experienced significant changes in demand levels, which together combine to result in substantial movements in power prices at a national level.

Given the scale of unpredicted events caused by COVID-19 outbreak, AFRY are releasing a special out-of-cycle modelling update for its price projections for European power markets, incorporating projected impacts of COVID-19 on power prices over the years 2021-2025.

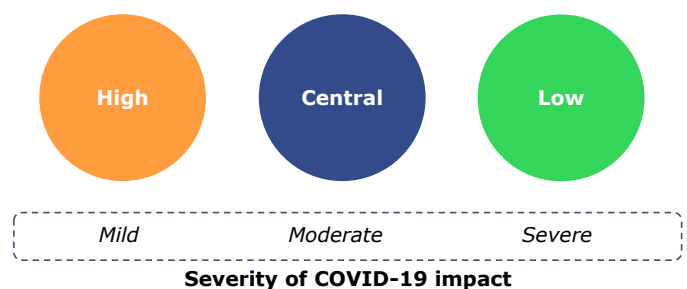
This special issue update is designed as a sensitivity on AFRY's previously released Q1 2020 projections in each of its High, Central and Low scenarios. In particular, four main price drivers have been assessed in varying degrees according to recent market information in order to determine their final impact on expected power prices.

The key drivers affected are:

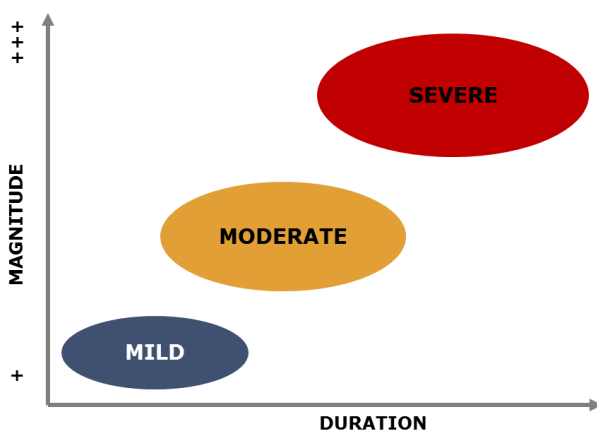
- economic assumptions: reflecting changes in GDP growth expectation and in \$/€ exchange rate;
- commodity prices: reflecting the current market view on price evolution in the short term, including in the EU ETS, after the impact of COVID-19;
- electricity demand: negatively impacted by the lockdown measures implemented in many countries and potentially extended during next years; and
- delays in investments: potentially caused by the general economic slowdown and lower power prices.



Impact on AFRY Q1 2020 scenarios



DEFINED BY MAGNITUDE AND DURATION OF IMPACT



This special April 2020 update will be issued to subscribing clients of AFRY as part of their ongoing service. Due to the extraordinary circumstances behind this update however, we are also offering non-subscribing clients the opportunity to access our updated short-to-medium term COVID-19 sensitivity on our Q1 2020 modelling update for European market(s) of interest.

Deliverables under the COVID-19 sensitivity

Companies who purchase the COVID-19 sensitivity as a stand alone item will receive:

- an excel file containing wholesale power price projections, with input fuel and carbon prices and economic assumptions across our three market scenarios for period 2021-2025 for the markets in question; and
- an accompanying note describing the main assumptions, dynamics and results of impact analysis for the period 2021-25.

Fees

Access to our COVID-19 sensitivity is available as a stand alone purchase for €5,000 (£4,500) for one market, and €2,500 (£2,250) for any additional markets (excluding VAT).

As a further offer, this cost can be discounted from fees payable for any subsequent purchase of our Q1 or Q2 2020 modelling update to 2060 for the market(s) in question (see below).

AFRY Independent Market Reports

In addition to the stand alone COVID-19 sensitivity, you may wish to consider subscribing to our ongoing market modelling in order to receive the latest available information on expected future power prices, as the COVID-19 situation and other relevant market issues develop throughout 2020.

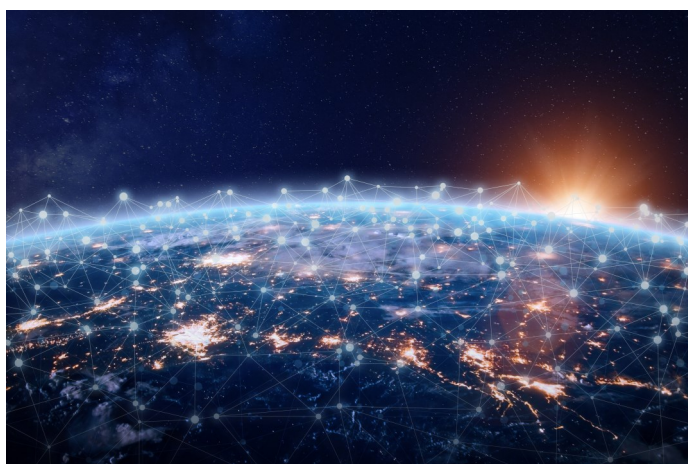
AFRY has over 25 years' experience in modelling electricity markets for more than 50 countries, using our in-house commodity, heat, transport and electricity demand models coming together in our proprietary electricity market model BID3.

AFRY Independent Market Reports are available for a growing list of global markets, as shown below.

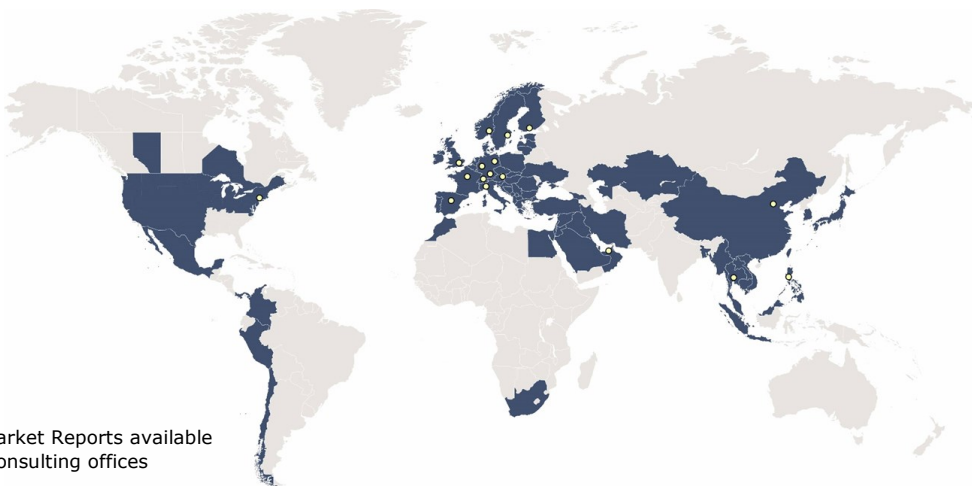
AFRY Independent Market Reports provide extensive analysis of the electricity markets, including long-term power price projections (up to 2060) in three internally consistent scenarios – High, Central and Low.

Our full Market Reports provide the definitive guide to potential investments and an essential risk management tool for project developers, investors, financiers and utilities.

Our modelling expertise is complemented by our knowledge of European electricity markets. By simultaneously modelling electricity markets across Europe, we can take account of limits and opportunities presented by physical interconnections with neighbouring markets. Updating our price projections on a quarterly basis for subscribing clients allows us to incorporate the most up-to-date information on fuel prices, demand and policies.



To order the COVID-19 sensitivity for the European market(s) of your choice, or to discuss subscription options to our AFRY Independent Market Reports, please contact one of our consultants below, or your local AFRY Management Consulting contact.



■ AFRY Independent Market Reports available
● AFRY Management Consulting offices

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