



Delivered Electricity Price Forecast

For Heathrow Airport Limited

April 2022

Contents

EIC: At a glance	1
Executive Summary	2
Key changes and Developments	2
Risks to forecast	4
Introduction	5
Key Scenarios	5
Key Report details	7
Short-term Market update	7
Wholesale price forecast	10
Generation forecast	12
Non-commodity cost forecast	13
Conclusion	21
Table Appendix	22
Figure 1. EIC Delivered Power Price Projection (Nominal)	3
Figure 2. Installed capacity by generation type and scenario	4
Figure 3. Wholesale power price forecasts by scenario	10
Figure 4. Installed capacity by generation type and scenario	13
Figure 5. Breakdown of Delivered Electricity Price Forecasts (Nominal) - Scenario 1	18
Figure 6. Breakdown of Delivered Electricity Price Forecasts (Nominal) - Scenario 2	19
Figure 7. Breakdown of Delivered Electricity Price Forecasts (Nominal) - Scenario 3	20
Table 1. List of scenario assumptions	6
Table 2. Non-commodity cost changes (Nominal)	17
Table 3. EIC Price Projection (Nominal)	22
Table 4. Breakdown of EIC Delivered Electricity Price Forecast (Nominal) – Scenario 1	23
Table 5. Breakdown of EIC Delivered Electricity Price Forecast (Nominal) – Scenario 2	24
Table 6. Breakdown of EIC Delivered Electricity Price Forecast (Nominal) – Scenario 3	25

EIC: At a glance

EIC was originally founded in 1975 with our head office based in Redditch. We manage thousands of meters and sites across the UK. The clients we work with vary from single-site manufacturers to multi-site retailers and public sector organisations.

Our technology-led, joined-up solutions help businesses to buy, manage, and control energy and comply with legislation. Our solutions will revolutionise the way you run your business by allowing you to manage and control all elements of your energy bill on both sides of the meter.

Executive Summary

This forecast looks at energy costs in three different scenarios, exploring different approaches to balancing system security, environmental protection, and consumer cost impacts. This does not generate a high, low or base case pricing scenario, but three different possible trajectories for energy price developments. All prices quoted are in Nominal prices. In each case, a core narrative has an influence on every element of the supply chain, covering wholesale energy production through to final delivery.

Key changes and Developments

Since the last update, the main changes to the forecast outputs include:

Delivered Power Prices

- Delivered power prices are forecast to peak in 2023 at £224-228/MWh before falling to £184-193/MWh by 2026. Delivered power price forecasts are then expected to increase by an average of £0.2-1.7/MWh per year between 2026 and 2041 within our scenarios.
- The Russian invasion of Ukraine has seen already high energy prices increase further as many EU countries seek to replace Russian gas with alternative sources. Wholesale power forecasts have increased across our scenarios as gas remains the marginal fuel source for electricity generation over the next few years.
- Ofgem's Targeted Charging Review (TCR) came into effect for distribution charges in April 2022, which sees residual charges levied in the form of fixed charges. Transmission charges are due to change in April 2023 following a one-year delay.
- As a result of the TCR changes it is expected that most consumers will see a decrease in TNUoS charges. This will be partially offset by a rise in DUoS costs as a proportion of the time-of-use tariffs is moved to a fixed charge.
- Another Ofgem proposal, CMP308, will see the removal of BSUoS charges from generation from April 2023. This is expected to increase BSUoS forecasts by around £3-4/MWh although it is anticipated that wholesale prices will decrease as a result of the change.
- The latest T-4 capacity market auction for the delivery year 2025/26 saw clearing prices increase from £18.00/MWh to £30.59/MWh. This has resulted in an increase in our capacity market forecasts from April 2025.
- EU ETS prices are expected to remain similar to our Q1 2022 forecasts. Prices fell sharply at the beginning of the Ukrainian invasion but have since recovered close to the previous highs.

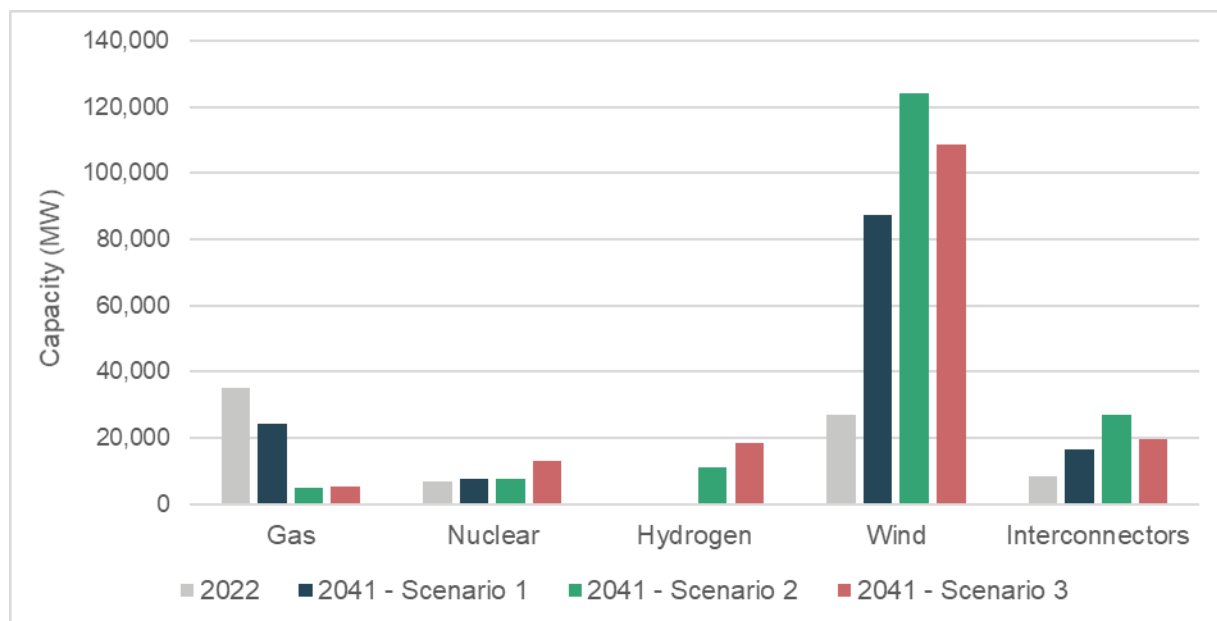
Figure 1. EIC Delivered Power Price Projection (Nominal)



Generation

- Installed capacity forecasts for offshore wind have increased since last quarter following the publication of the Government’s energy strategy. A key target included in the plan is to increase offshore wind capacity from 11GW to 50GW by 2030.
- New build power stations are expected to be almost entirely gas-fired generation as we are expecting the removal of coal to be achieved far quicker than 2025 and several nuclear plants are reaching the end of their operational life.
- The development of new build gas-fired generation will be at a similar rate to previous forecasts. The slower deployment of renewables in scenario 1 will result in 8.8GW of capacity coming online by 2033. Whereas there is reduced need for new gas capacity in scenarios 2 and 3 with only 1.9GW expected to be built by 2025.
- Another target in the Government’s energy strategy is to build up to 10GW of hydrogen capacity by 2030. In this report, hydrogen capacity is forecast to reach 11.2GW in scenario 2 and 18.5GW in scenario 3 by 2041.
- An increased emphasis on renewables, particularly wind generation and greater energy efficiency will be required in order to bridge the short-term gap in generation between the closure of old coal and nuclear plant and the arrival of new large-scale generation plant at the end of the decade.

Figure 2. Installed capacity by generation type and scenario



Risks to forecast

There is some uncertainty around certain changes going forward, which pose some risks to our forecasts and assumptions. The effects of the ongoing COVID-19 pandemic and war in Ukraine on demand and the pricing of commodities is a clear example. As the global situation continues to evolve rapidly, some of the more recent effects may not be included in our short-term forecasts. However, EIC will be evaluating market movements as they transpire for future works.

The following points highlight further key areas to watch within our assumptions:

- Participants continue to be concerned about the current tight gas market, where supply has been curtailed significantly due to EU self-sanctions and US direct sanctions on Russian gas and oil. The low storage levels over winter pushed prices higher before the invasion of Ukraine led to the record price increases.
- The conflict in Ukraine has continued to cause volatility in the commodities markets. Many EU countries are accelerating a move away from Russian gas dependence, which has increased demand for non-Russian sources. There are also concerns over any future actions by Russia that will affect the continuation of supply in the short-term.

Introduction

This report will provide a Long Term Price Forecast and will cover the period up to 2041.

Using models developed by EIC, a forecast of energy costs and the delivered price components have been produced. The report outputs include the following Nominal prices, all in £/MWh:

- Wholesale costs – Electricity and Gas
- Distribution Use of System charges
- Distribution Use of System Losses
- Transmission Network Use of System charges
- Transmission Network Use of System Losses
- Balancing Services Use of System charges
- Renewables Obligation
- Feed-in Tariffs
- Contracts for Difference Feed-in Tariffs
- Climate Change Levy
- Capacity Market costs
- Assistance for Areas with High Electricity Distribution Costs

Key Scenarios

At the centre of this pricing analysis are three scenarios. Each describes a potential future UK energy market, each with its own supply and demand drivers and each equally viable, given the current market and regulatory conditions. They provide a range of realistic and robust routes for market development, which have very different impacts on final energy bills. A driver, which increases costs in one area, could well depress those in another section of the market.

The **Carbon Conundrum** scenario (1) tracks a continuation of the supply, demand and market evolution that the UK has generally followed for the last few years. A public and political attitude towards a green economy and the fuel mix remains split between renewables and fossil fuels. This is an even balance between the cost for support, its benefits for security of supply and its ability to enhance the UK's environmental objectives. The focus of this scenario looks at how energy policy evolves to meet these objectives. It is also assumed that similar options and decisions are taken on a global basis, having a resulting impact on cross-border energy trading and environmental costs.

Meanwhile, the **Low-Carbon Life** scenario (2) explores the potential for the UK and the world to embrace investment in renewables and low-carbon technologies at a faster pace than in the other scenarios. The pace of development is initially partly tempered by the cost constraints to support it. However, the market's interest in the technologies, falling costs, and reactions to

state policy allow for additional investments. This is in contrast to projects being cancelled in scenario 1.

Finally, under the **Gas Transition** scenario (3), the crux of the narrative is the development of hydrogen as a source of power and heat generation. Across the scenario there is a similar level of investment in renewables to scenario 2, although this occurs at a slightly slower rate. This results in higher wholesale power prices in the short-term until the development of additional nuclear and hydrogen capacity helps to subdue prices in the 2030s. This is countered, however, by higher support costs for the construction of the new baseload capacity.

In recent years, the drive to address the security of supply concerns caused by the closure of older plants is being framed in the context of affordability. The scenarios address the related political conflict over who should be liable for the costs for market developments.

Table 1. List of scenario assumptions

Assumption	Scenario 1	Scenario 2	Scenario 3
Progress towards meeting carbon budgets	Low	High	Medium
EU Emissions Trading Scheme (ETS) price	Low	High	Medium
Natural gas retail price	Low	High	Medium
Improvements in energy efficiency	Low	High	Medium
Short-term electricity demand	Medium	Low	Low
Wind generation	Low	High	Medium
Solar generation	Low	High	Medium
Unabated coal generation	High	Low	Medium
Unabated gas generation	High	Low	Medium
Electricity retail price	Low	High	Medium
Investment in hydrogen production	Low	Medium	High
Gas demand	High	Low	High
Uptake of battery electric vehicles	Low	High	Medium
Long-term electricity demand	Medium	High	Medium
Investment in new nuclear capacity	Low	Medium	High
Interconnector capacity	Low	High	Medium
Investment in carbon capture, utilisation and storage	Low	High	Medium
Installed electricity storage capacity	Low	High	Medium

Key Report details

Short-term Market update

Gas

Gas contracts have again risen to record levels through Q1 2022 following the strong gains seen in Q4 2021. Summer 22 prices increased from 198p/th at the start of January to 510p/th in March before closing at 290p/th.

January saw prices range bound, particularly for periods covering 2022. Buying interest stemmed from varied wind generation that continued to see high demand for gas for power generation, coupled with lower than seasonal normal temperatures. At the same time, EU storage levels saw continued strong withdrawals that left levels below average for the time of year. There were some unplanned Norwegian outages that affected flows to the UK and that required a higher sendout from medium range storage and from LNG terminals. Selling interest increased this month due to the record imports of LNG to the UK with 33 cargoes delivered. This allowed for a very high sendout of gas from the LNG terminals that has helped meet the higher monthly demand and offset some pipeline supply disruptions.

Most of February saw prices continue to trend sideways, with a healthy fundamental picture offering some selling pressure despite concerns over geopolitical risks. Temperatures were very mild for the time of year and coupled with above average wind speeds. As a result, demand was depressed against very healthy supply via LNG, where UK was in receipt of 21 cargoes. However, prices took a dramatic upswing late in the month with the escalation of the conflict in Ukraine. However, with no apparent disruption to transit gas via Ukraine some selling pressure returned for the following two days that caused prices to give up most of the highest one day gains on record.

The start of March saw prices continue to rise sharply, in particular summer 2022 prices. However, there was an equally dramatic decline thereafter. While events in Ukraine escalated and subsequent sanctions imposed on Russia, there has been the fear of Russian gas supply interruptions. This had been viewed as either happening in retaliation or through any damage to transit supply through Ukraine. So far, there has not been any interruption, which could explain the reversal in prices. There has been a focus on energy policy, particularly in Europe, as major buyers of Russian gas look to pivot away.

The EU has put measures in place that should see storage reserves reach certain levels by the start of winter, in order to ensure no deficit as was the case at the start of this winter. Another shift has been increasing interest to secure US LNG supply to help offset Russian pipeline supply. This will be in the coming years, as the US will need to increase its export capacity. However, with the EU as a large buyer, getting financial backing for these projects looks positive. Meanwhile LNG deliveries to UK and Europe were elevated while summer prices rose above Asian price, ensuring delivery of shipment of LNG that will help towards a speedy

replenishment of stored gas. Just before the end of month, Russia decreed that all its gas supply will need to be paid for in roubles. This has created some uncertainty as EU nations have pushed back saying payments will be in the currencies as stated in contracts.

Power

Following strong gains in Q4 2021, power prices accelerated further through Q1 2022 reaching record levels. Summer 22 prices increased from £178/MWh at the start of January to £395/MWh in March before closing at £245/MWh.

Power prices moved in line with gas throughout January and February. While summer and winter 2022 contracts were more sideways, further dated contracts pushed to new highs. Some of the buying interest stemmed from the tight gas market and increasing prices of carbon allowances. Further support was also seen after EDF announced a reduction in their nuclear generation forecast for 2022, which will see a higher reliance on fossil-fuelled generation when demand exceeds available capacity. There was a marked improvement in wind speeds in February, a complete turnaround to January's very low levels. This high wind situation offered some relief for gas-fired generation, and subsequently allowed for a decline in prompt prices. However, the start of conflict in Ukraine changed the market's focus away from current fundamentals to the risk of gas supply.

In March, power prices moved in line with gas as 2022 prices declined. The steepest fall was in the summer 2022 contract that had pushed above winter 2022 during the strong rise late in February and first week in March. With gas supplies from Russia uninterrupted and LNG deliveries robust, there appears to be some calm in the market. However, any further tightness in the gas market or increased risk of Russian gas interruption will see power price volatility return. Meanwhile, fundamentals see demand declining on seasonal changes, but March was a month of variable wind generation, unlike February that saw higher generation for most of the time. The price difference between 2022 and 2023 remains wide as the market continues to see supply risks increased for this year.

Oil

Oil prices finished January and February higher. The bullish sentiment continued to be spurred by optimism that any impact on demand due to the increasing cases of Covid-19 would be short lived and or not widespread as initially feared. There is still a market view that the world is short on supply. OPEC+ members are reported to be struggling to further raise output. At the same time U.S stocks are depleting rapidly with supply only slowly picking up. Recent releases from strategic reserve do not appear to be helping much either. The escalation of events in Ukraine only went further to push the bullish impetus and with it higher prices.

Oil prices, like all energy products, were volatile throughout March with the ongoing war in Ukraine. In the first week of March prices rose to \$128/bbl before falling to \$98/bbl the following

week. Prices then peaked again at \$122/bbl before ending the month at \$108/bbl. Adding to the bullish sentiment was the increased sanctions that saw the US banning imports of Russian oil. There was increasing optimism of oil supply from Iran and Venezuela to be allowed that had helped cap further increases. Europe have so far avoided direct sanctions that would impact supply of Russia oil and products, with seemingly no substitute for this supply. To this end, there continues to be conversations around a coordinated realisation of strategic oil reserves.

Carbon

The price of carbon allowances pushed above their respective December peaks, after a period of consolidation. Some of the bullish sentiment was due to low auction volumes and a colder than normal January that would have seen a higher demand from the power generation sector. Added to the impetus was the recent announcement by EDF that France's nuclear power generation capacity would be reduced for 2022. The result of this is the expectation of an increase in fossil-fuelled generation to bridge the gap. February was a month of new highs before a late retreat after the invasion in Ukraine. Bullish impetus has continued to be fuelled by the view that current policies continue to call for higher carbon prices to allow for a switch to greener sources.

March saw carbon prices have an inverse correlation to gas and power prices. While the latter rose strongly to new highs and then retreated, carbon prices did the exact opposite. There has been speculation that some participants had to sell in order to cover losses in gas and/or power positions. Another view is that sentiment in the carbon market is tied with the financial markets, as carbon appeared to more closely follow price movements there. This is where there was a strong decline as the Ukraine war escalated, but sharply recovered thereafter in line with the financial markets. Given the high energy and commodity price environment, any economic pressures that see financial markets retreating once more could potentially see carbon prices declining. However, this would be against a backdrop of policy that wants higher prices.

Coal

Coal prices were mostly sideways in January and February, before the conflict in Ukraine saw prices push higher, tracking the same movement in gas and power prices. After reaching a peak in early March, prices retreated as well. The fear of any reduction in gas supply would see the power sector lean more heavily on existing coal fired generation. This would ensure elevated demand for coal. Longer-term, should some EU countries rethink some of their policies and make a switch away from Russian gas, they will be in need for coal for longer during any transition period. This will keep coal demand elevated in the meantime.

Wholesale price forecast

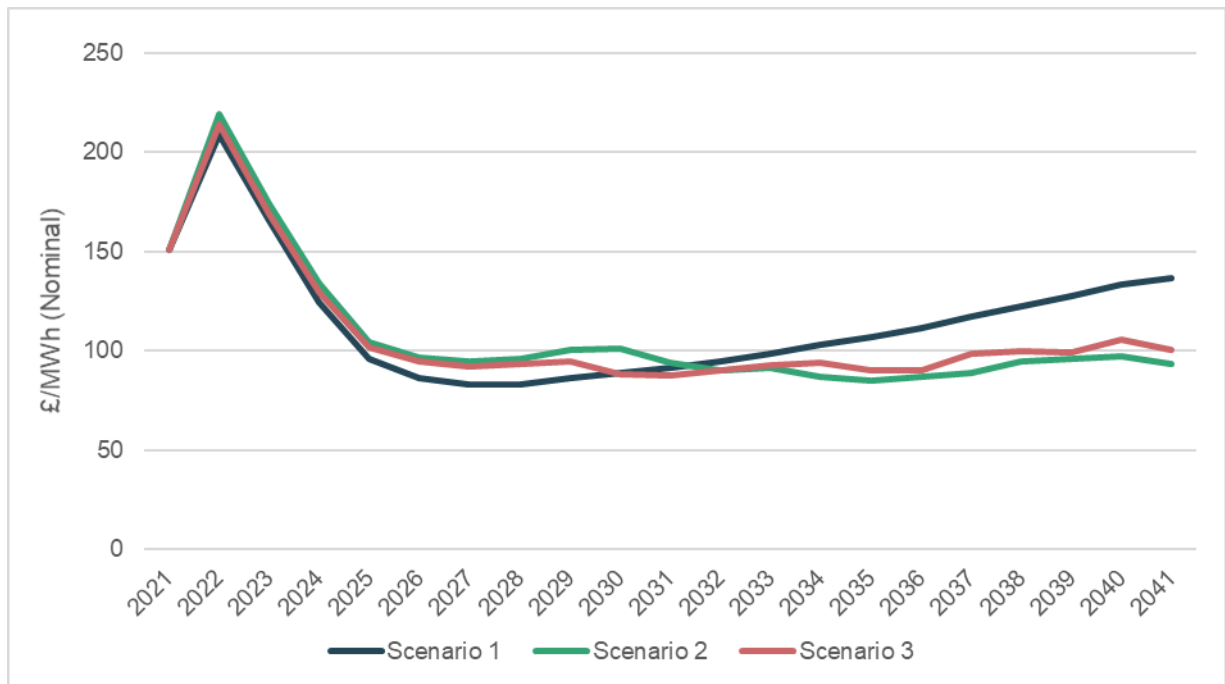
Power

Wholesale power price forecasts are projected to remain high in the short term with 2022 prices expected to average around £209-219/MWh. This is a substantial increase from last quarter's forecast due to the continued growth in gas prices. Power prices are then forecast to fall in all scenarios to reach £83-95/MWh in 2027 before gradually increasing in scenario 1 to £137/MWh in 2041 but remaining relatively stable in scenarios 2 and 3.

Gas fired generation will remain a significant part of the fuel mix into the long term of scenario 1 and a driver for power prices. This means fluctuations in gas prices continue to influence final UK power prices as seen by the recent increase in short term gas prices.

An increase in renewable and interconnector capacity over the next few years will help to subdue power prices. This is most evident in scenario 2, which is also expected to experience the lowest electricity demand due to efficiency improvements. The effect of this will be offset by higher carbon prices and the reduction in baseload capacity as a result of coal, nuclear and gas closures.

Figure 3. Wholesale power price forecasts by scenario



Gas

Wholesale gas prices are projected to remain high in 2022 at £78-81/MWh, a significant increase from the 2021 average of £38/MWh. Wholesale gas prices are then forecast to decrease to £29-35/MWh by 2028 before gradually increasing to £50-66/MWh in 2041.

The most significant change in the forecasts is in the short term where the lack of European storage and low renewable output caused prices to increase over winter. This was further exacerbated by the conflict in Ukraine, which resulted in further price volatility as many EU countries reduce dependence on Russian gas.

Although we expect to see a demand slowdown in the later part of the next decade, demand for gas in power generation will increase, as coal and nuclear power plants close down. The maturity of North Sea gas reserves will leave the country reliant on imports. In all scenarios imports from Norway, through Europe from Russia and the additional growth in global LNG supply meets these demands.

Carbon

EU ETS price forecasts have remained similar to last quarter following the gains in Q4 2021. In scenario 1 prices are expected to rise to around €63/tCO_{2e} in 2022 before slowly increasing to €159/tCO_{2e} by 2041. However, price forecasts for scenarios 2 and 3 are projected to rise even faster to €78/tCO_{2e} in 2022 before increasing to €351/tCO_{2e} and €219/tCO_{2e} by 2041, respectively.

Since the introduction of the Market Stability Reserve in January 2019, significant volumes of allowances can be removed from auctions if prices are depressed. Similarly, the reserve will release more allowances if prices rise too high. The Scheme will continue to reduce the number of allowances available in future years and will continue to support prices. Phase 4 of the EU ETS covers 2021 to 2030 and at present includes a sharper annual reduction in the level of available allowances. The current proposals are for an annual cut of 2.2% compared to the previous 1.7%.

Oil

Wholesale oil price forecasts are expected to increase from \$71/bbl in 2021 to \$100-101/bbl in 2022 driven by the increase in demand for non-Russian oil following their invasion of Ukraine. EIC forecasts that prices will fall to \$86-88/bbl in 2024 before rising to \$143-170bbl in 2041.

Generation forecast

Coal

In the near-term, we expect to see a continued decline in coal generation as the UK Government intends to close all unabated coal-fired plant by 2024. There is still a place for coal in the short-term, during points of system stress. However, this will become even more limited, with longer periods of entirely coal-free generation expected. Both 2020 and 2021 saw coal generation make up only 2% of total demand, down from 10% in 2016 and 40% in 2013. There is no push to invest in abated coal-fired plant through Carbon Capture and Storage, which remains non-commercial in all scenarios.

Nuclear

Despite previous plans to build a new fleet of nuclear power stations in the UK there is currently only one under construction. Hinkley Point C has faced numerous delays and is now expected to be completed in the second half of the decade, at which point consumers will start to pay for its support. Nuclear capacity assumptions for this report shows four of the UK's seven nuclear power plants closing by 2024, the same time the Government has committed to shutting down all coal-fired generation. This will see nuclear capacity fall by over half from 7.9GW to 3.6GW. Additional nuclear plants in the 2030s will see capacity increase to 7.6GW in scenarios 1 and 2 and 13GW in scenario 3.

Renewables

In the short-term, the bulk of any new generation focuses on low-carbon technologies. The UK will attempt to offset the impact of older generation closing down, notably coal and nuclear, and place greater emphasis on renewable technologies as a means of achieving ambitious renewable energy and carbon reduction targets. The Government's energy strategy has set a target to increase offshore wind capacity to 50GW in 2030. As a result, wind capacity forecasts have increased across our scenarios to reach 80-114GW by 2041 with the fastest deployment in scenario 2 and the slowest in scenario 1.

Gas

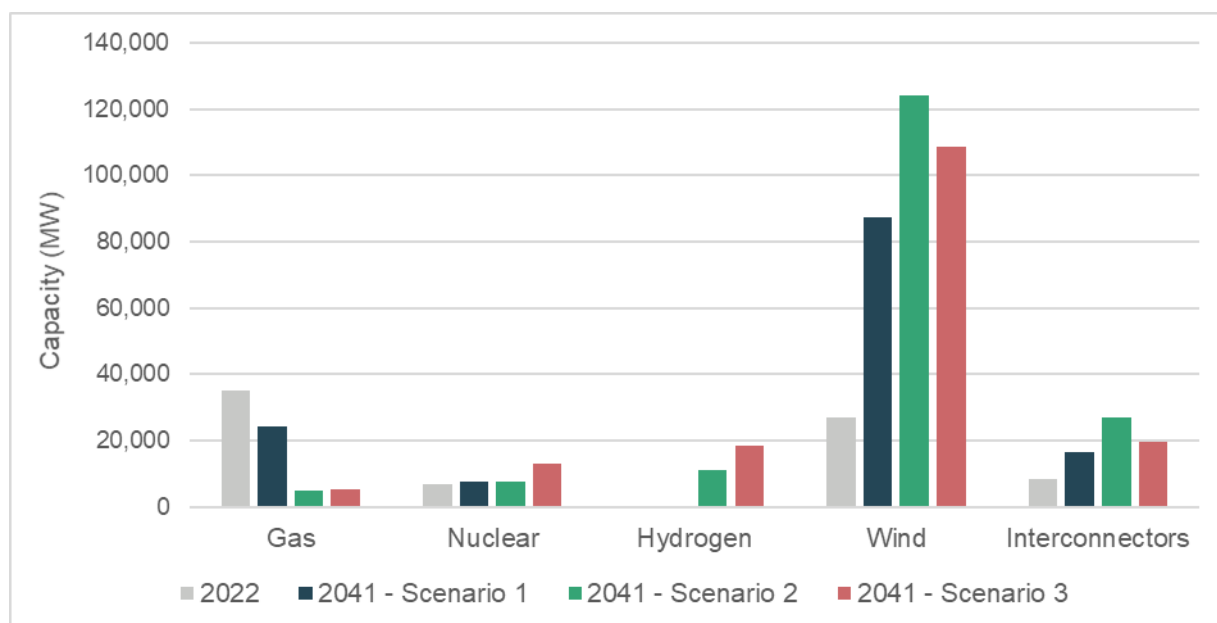
The loss of coal and nuclear capacity will provide additional impetus towards a stronger role for gas in the generation mix, given the requirement for baseload generation. The development of new build gas-fired generation will be at a faster rate in scenario 1, with 8.8GW of capacity set to make up the shortfall of coal, gas and nuclear closures to 2041. Another target in the Government's energy strategy is to build up to 10GW hydrogen capacity by 2030. As a result, only 1.9GW of traditional gas capacity is included in scenarios 2 and 3. In this report, hydrogen capacity is forecast to reach 11.2GW in scenario 2 and 18.5GW in scenario 3 by 2041.

Interconnection

In the wake of cancelled nuclear plans, closing coal plants and delayed gas plants, Interconnection with Europe will continue to grow. The IFA2 interconnector came online in January 2021 and North Sea Link to Norway opened in October 2021, with the ElecLink to France being completed this year taking capacity to 8.5GW across all scenarios. A fire at the IFA interconnector in September means that total capacity will be reduced by 1GW until winter 2022 with the interconnector expected to be gradually brought back to full capacity by October 2023.

Additional links with Europe will increase interconnector capacity in scenario 1 to 16.5GW by 2041. The rapid growth of renewables and closure of baseload generation seen in scenarios 2 and 3 supports the addition of further links taking capacity in 2041 to 27.1GW and 19.6GW respectively.

Figure 4. Installed capacity by generation type and scenario

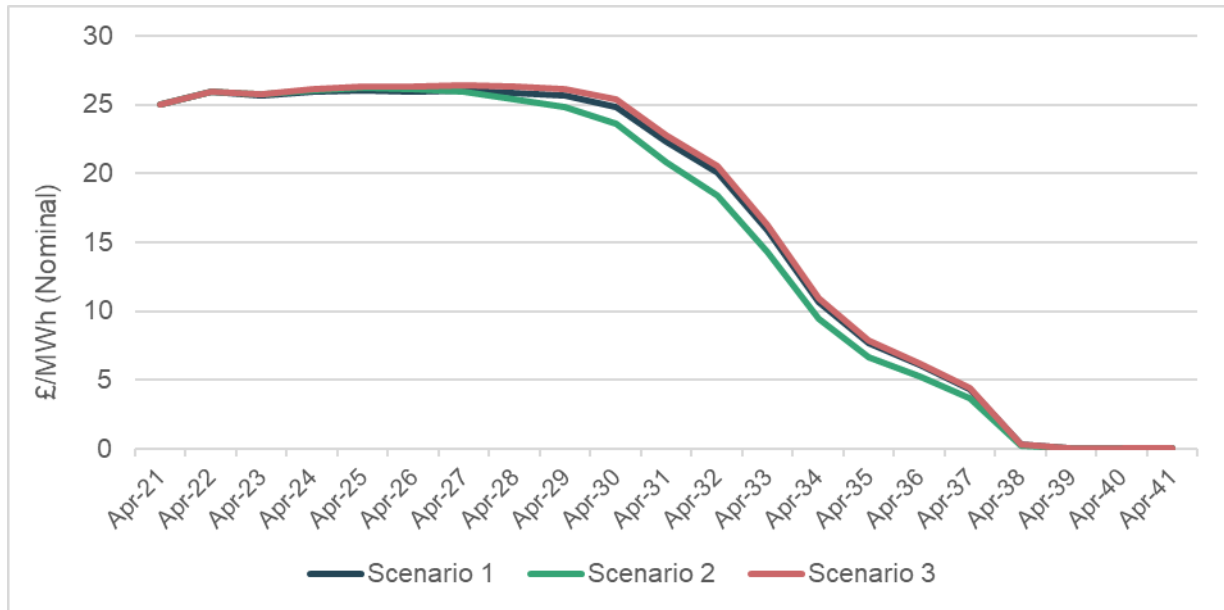


Non-commodity cost forecast

Non-commodity cost forecasts are projected to increase by an average of £2.1/MWh per year between 2022 and 2030 in scenario 1. NCC costs are then forecast to decrease by an average of £3.3/MWh per year to 2041. While, in scenarios 2 and 3 NCC costs are forecast to increase by an average of £1.8-2.4/MWh per year to 2032 before falling by an average of £1.0-1.9/MWh per year to 2041. NCC costs are forecast to remain higher in scenarios 2 and 3 due to a combination of increased investment in renewables and lower wholesale forecasts.

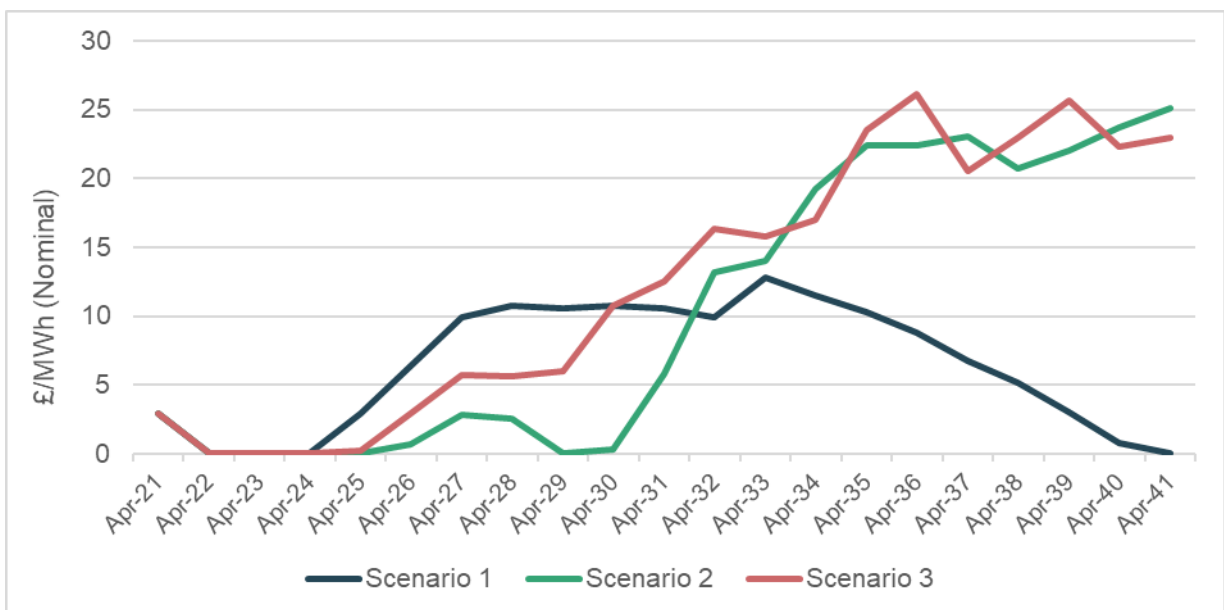
Renewables Obligation (RO)

RO forecasts have increased slightly since last quarter due to the rise in inflation. As the RO scheme is now closed, it is expected that costs will begin to fall as accreditations for older generators gradually expire.



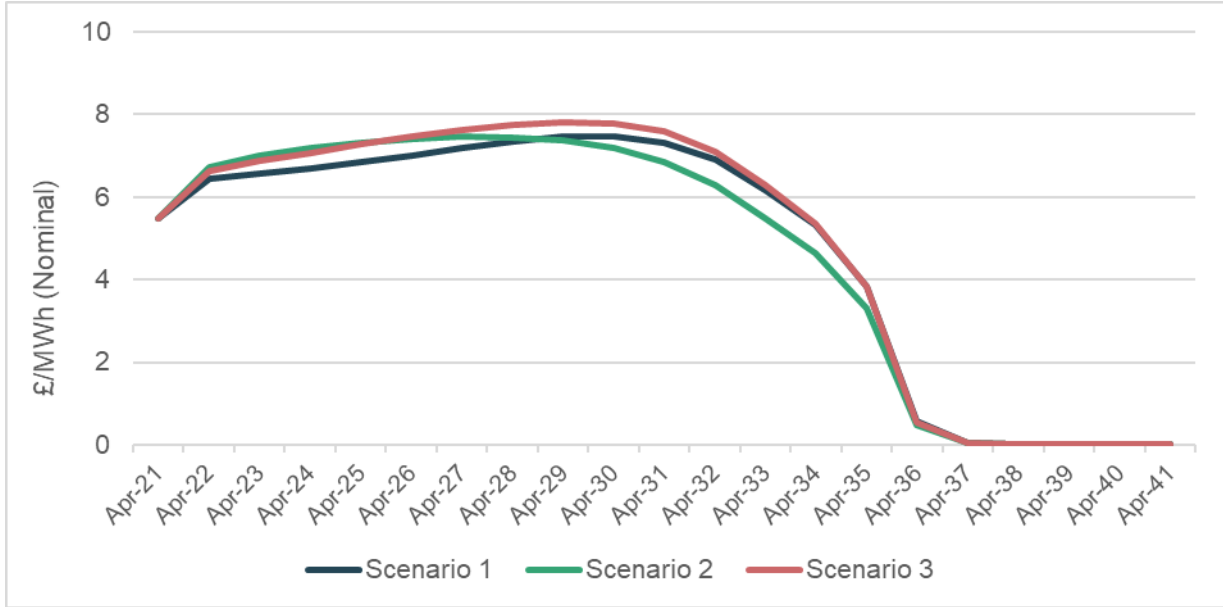
Contracts for Difference (CfD)

CfD forecasts have decreased since last quarter as a result of the significant increase in wholesale prices. Despite slower deployment of renewable capacity, scenario 1 is forecast to see the largest short-term rise in CfD costs due to the lower wholesale forecast.



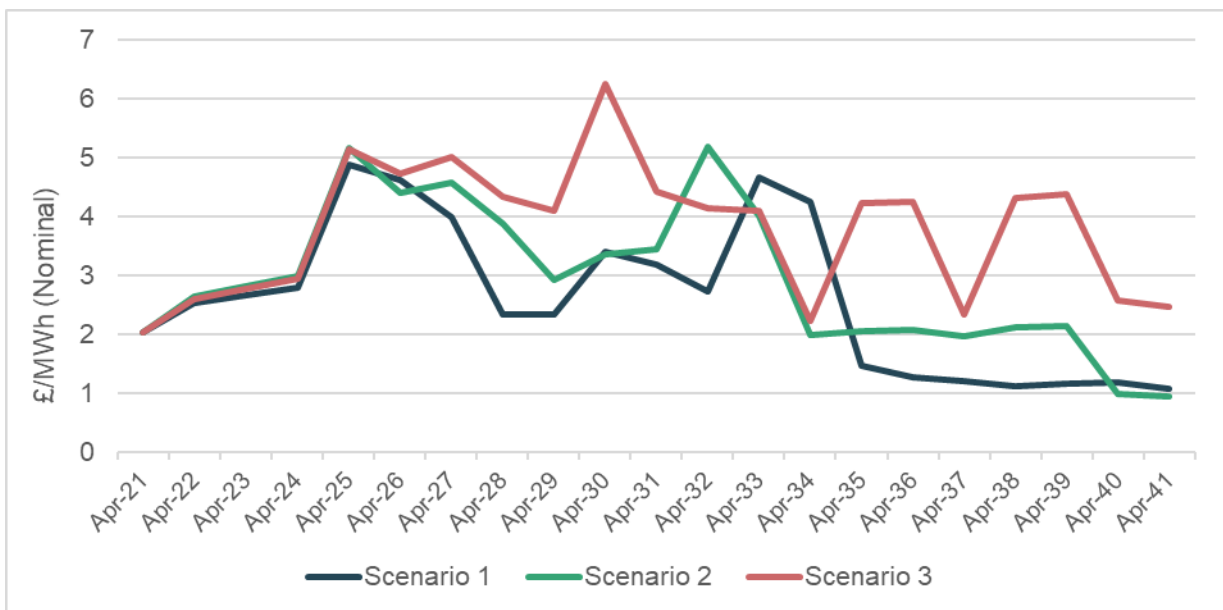
Feed-in Tariff (FiT)

FiT forecasts have remained similar to last quarter. As the FiT scheme is now closed, it is expected that costs will level off as accreditations for older generators gradually expire.



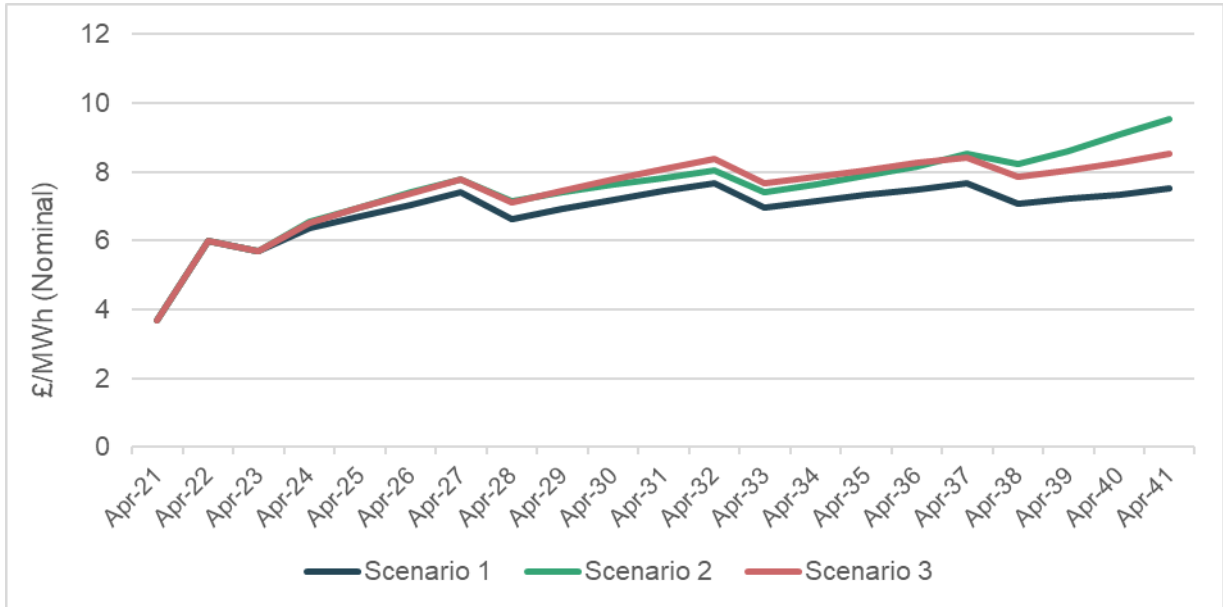
Capacity Market (CM)

The latest T-4 capacity market auction for the delivery year 2025/26 saw clearing prices increase from £18.00/MWh to £30.59/MWh. This has resulted in an increase in our capacity market forecasts from April 2025.



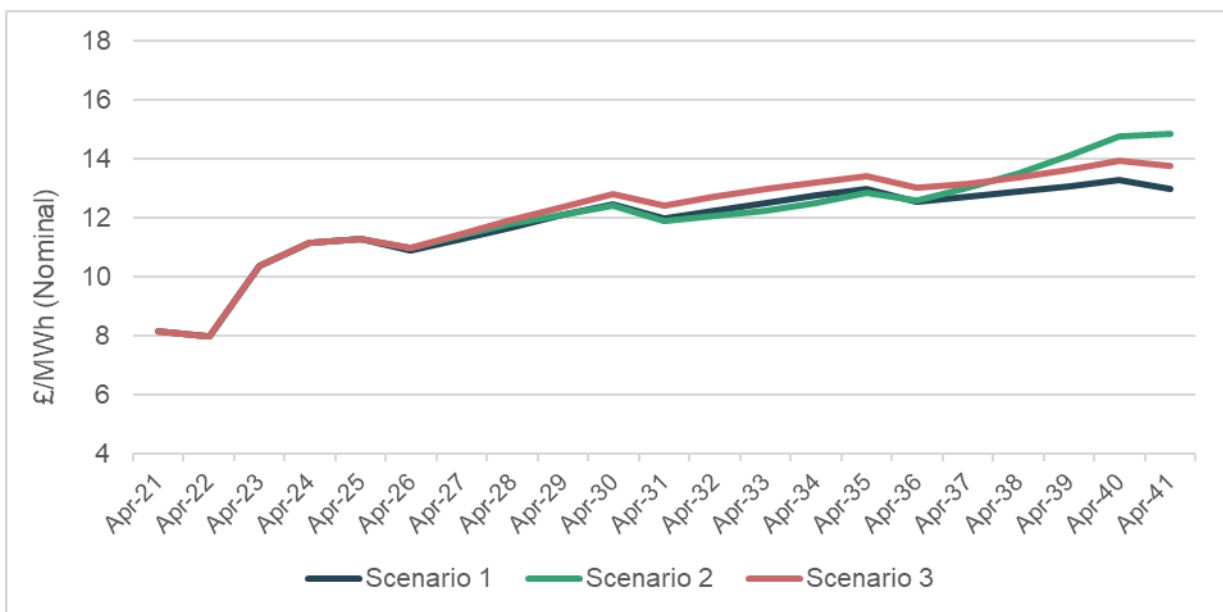
Distribution Use of System Charges (DUoS)

Ofgem has published their final decision on the Targeted Charging Review (TCR), which will see a proportion of the time-of-use tariffs replaced by a fixed charge. These changes came into effect in April 2022 and it is expected that most consumers will see a slight increase in DUoS charges as a result.



Transmission Network Use of System Charges (TNUoS)

The TCR will also see a fixed residual charge replacing the current Triad demand methodology. It is expected that most consumers will see a decrease in TNUoS charges from April 2023 unless their capacity levels are set too high or they currently take Triad avoidance action.



Balancing Services Use of System Charges (BSUoS)

Ofgem proposal CMP308 will see the removal of BSUoS charges from generation from April 2023. This is expected to increase BSUoS forecasts by around £3-4/MWh although it is anticipated that wholesale prices will decrease as a result of the change. Forecasts are then expected to increase gradually as the proportion of renewable generation rises.

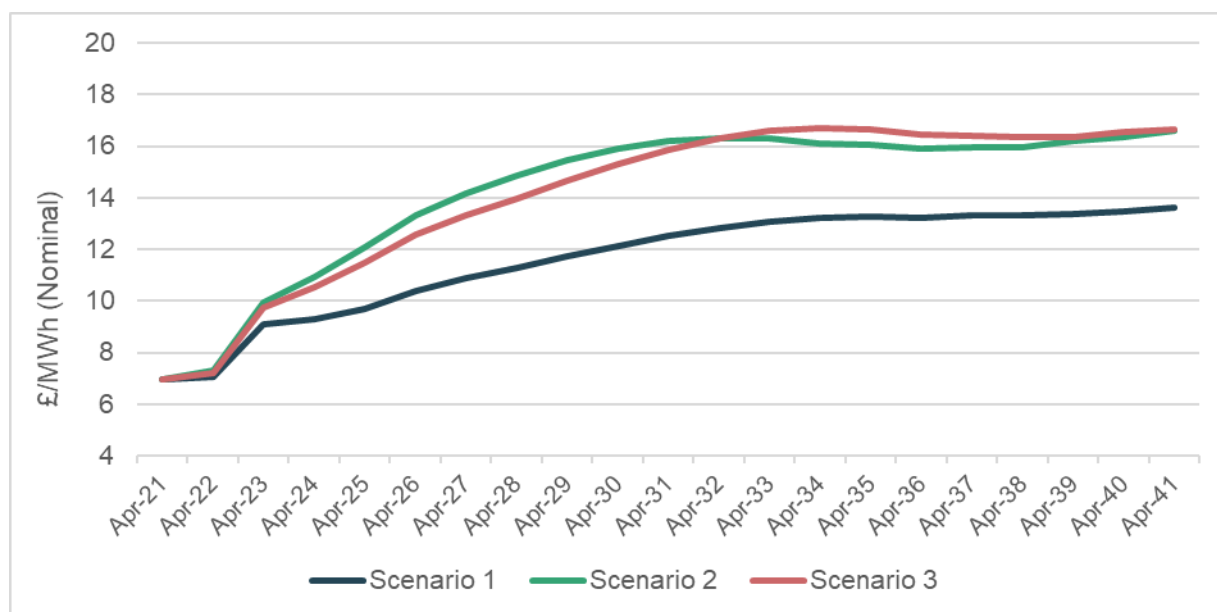


Table 2. Non-commodity cost changes (Nominal)

Charge	Average growth rate 2022 – 2041 (£/MWh/yr)		
	Scenario 1	Scenario 2	Scenario 3
RO	-1.37	-1.37	-1.37
CfD	0.00	1.32	1.21
FiT	-0.34	-0.35	-0.35
CCL	0.27	0.27	0.27
CM	-0.08	-0.09	-0.01
AAHEDC	0.02	0.02	0.02
DUoS Losses	-0.19	-0.33	-0.29
TNUoS Losses	-0.03	-0.06	-0.05
DUoS	0.08	0.19	0.13
TNUoS	0.27	0.36	0.31
BSUoS	0.35	0.49	0.50
Total	-1.03	0.45	0.36

Figure 5. Breakdown of Delivered Electricity Price Forecasts (Nominal) - Scenario 1

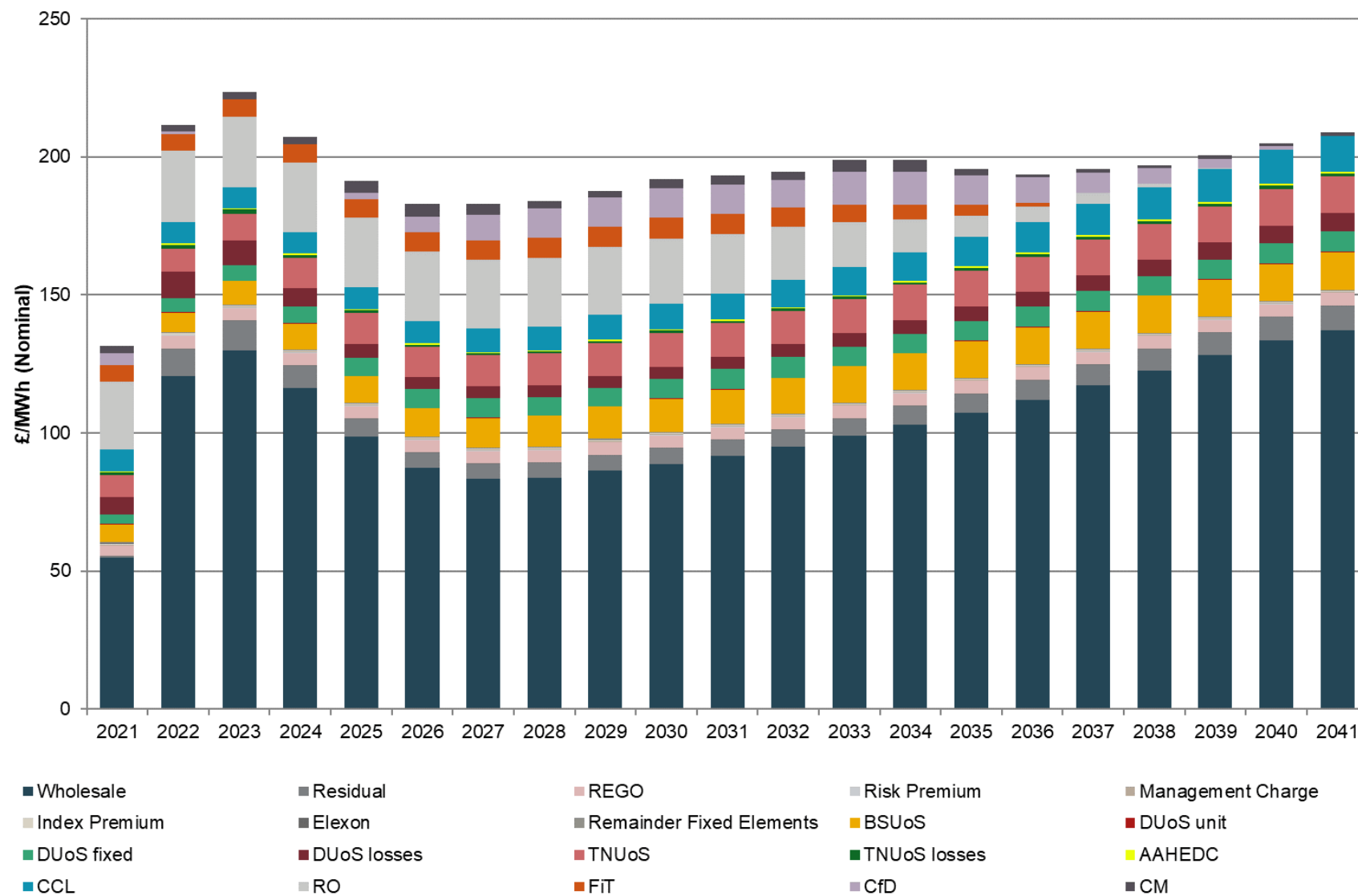


Figure 6. Breakdown of Delivered Electricity Price Forecasts (Nominal) - Scenario 2

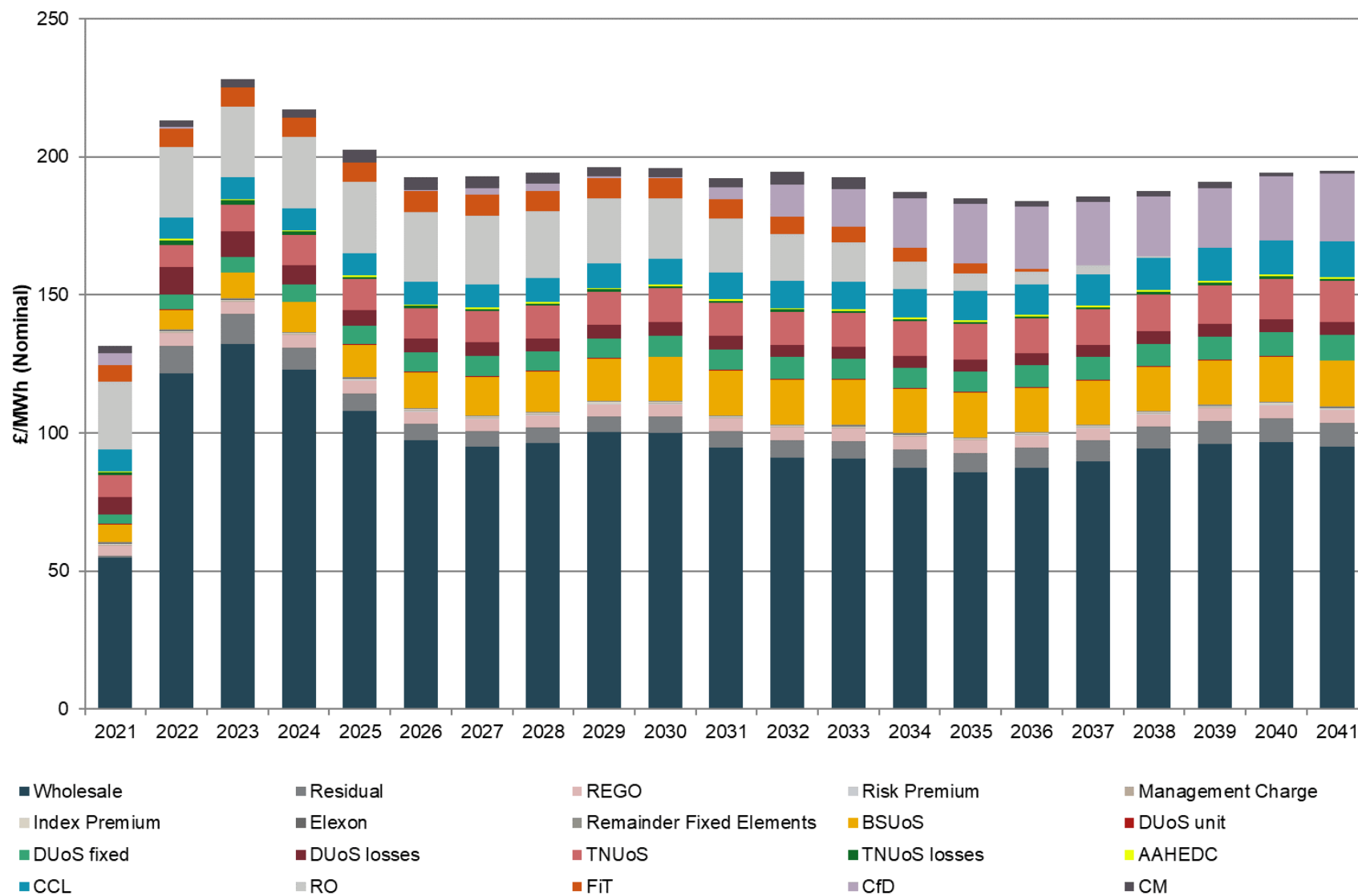
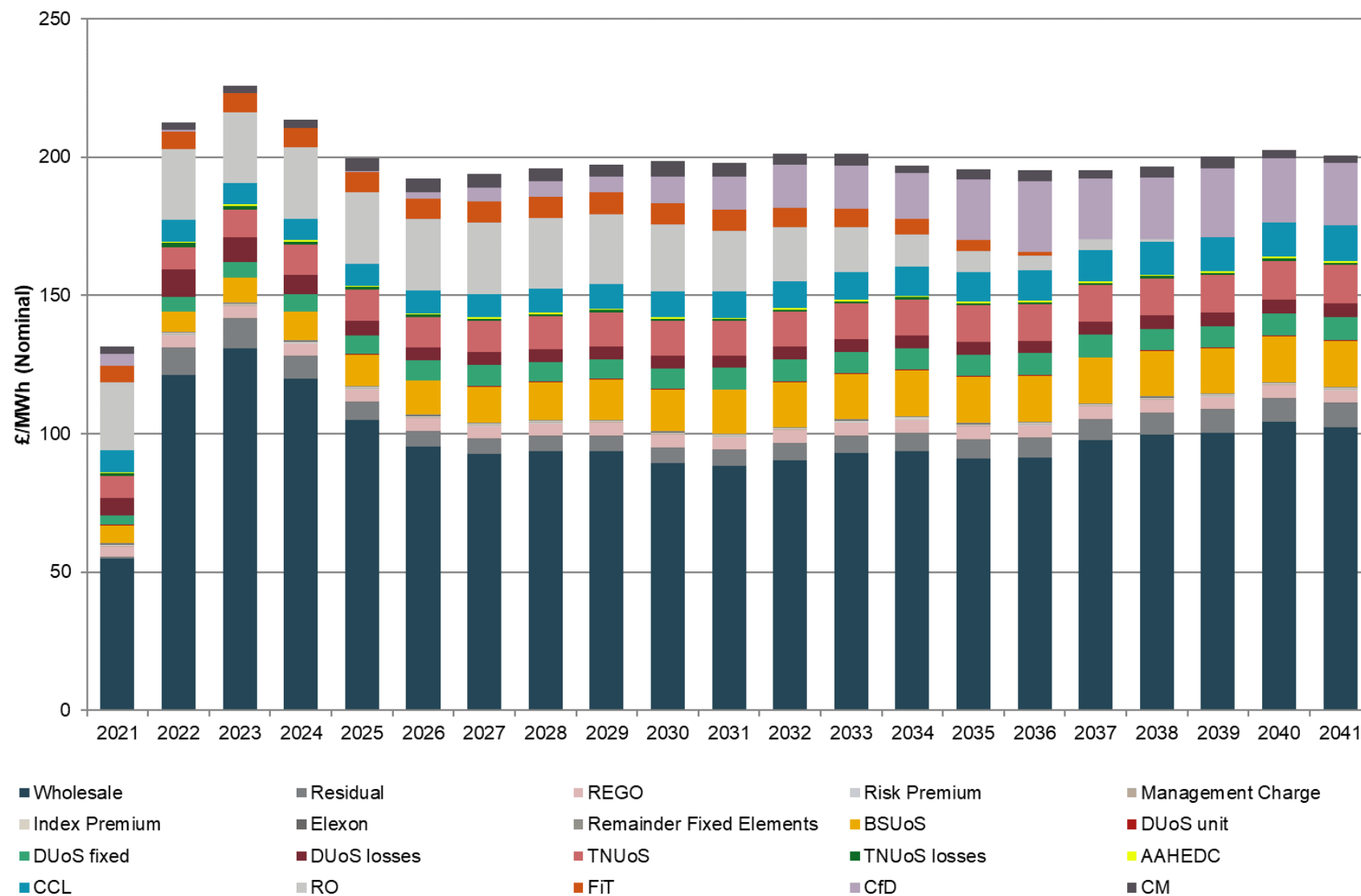


Figure 7. Breakdown of Delivered Electricity Price Forecasts (Nominal) - Scenario 3



Conclusion

The net result is that delivered power prices show significant increases in the short-term. Wholesale power prices are forecast to remain high in 2022 and 2023 before decreasing steadily until 2026. This broadly follows the trend in forecast gas prices, which remains the marginal plant throughout the report. An increased emphasis on renewables, particularly wind generation and greater energy efficiency will be required in order to bridge the short-term gap in generation between the closure of old coal and nuclear plant and the arrival of new large-scale generation plant at the end of the decade.

Non-commodity costs are forecast to increase between 2022 and 2030 with the fastest rise seen in scenarios 2 and 3. The NCC cost forecasts are directly related to the deployment of renewables as more investment is required in the transmission and distribution networks as well as for balancing the electricity system. NCC cost forecasts therefore rise at a faster rate in scenario 2 due to the higher level of renewable capacity.

Emissions Trading Scheme costs for 2022 are forecast to increase significantly across all scenarios compared to 2021. Price forecasts are then expected to increase steadily until 2041. The rise in EU ETS price will influence both the underlying energy element in bills, as well as add to the costs for those business directly exposed to the Emissions Trading Scheme.

Table Appendix

Table 3. EIC Price Projection (Nominal)

	Scenario 1			Scenario 2			Scenario 3		
	Delivered Power Price (£/MWh)	Wholesale Gas Price (£/MWh)	EU ETS Price (€/tCO _{2e})	Delivered Power Price (£/MWh)	Wholesale Gas Price (£/MWh)	EU ETS Price (€/tCO _{2e})	Delivered Power Price (£/MWh)	Wholesale Gas Price (£/MWh)	EU ETS Price (€/tCO _{2e})
Apr-21	131.37	42.88	54.79	131.37	43.28	54.79	131.37	42.99	54.79
Apr-22	211.40	74.52	63.01	213.28	75.83	77.78	212.40	74.90	77.78
Apr-23	223.91	60.67	64.73	227.95	62.17	80.33	225.91	61.13	80.33
Apr-24	207.94	56.26	67.14	217.23	58.87	83.56	213.55	57.28	83.56
Apr-25	192.04	53.77	69.09	202.97	58.22	86.95	199.54	55.86	86.95
Apr-26	183.76	48.58	72.04	193.20	53.43	92.57	192.45	51.29	92.57
Apr-27	184.04	45.96	75.00	193.94	51.88	99.28	194.33	49.44	99.28
Apr-28	185.12	45.35	77.97	195.55	52.25	106.20	196.59	49.51	106.20
Apr-29	188.82	46.89	80.87	197.58	54.55	113.19	198.20	51.72	113.19
Apr-30	193.04	48.88	84.67	197.59	57.55	120.27	199.95	54.54	120.27
Apr-31	194.58	50.81	89.41	194.23	60.33	136.53	199.40	57.08	127.37
Apr-32	195.87	52.65	95.14	196.53	62.93	153.62	202.97	59.37	134.69
Apr-33	199.40	54.87	101.08	193.97	65.70	171.56	202.21	62.10	142.44
Apr-34	199.02	57.13	107.25	188.02	68.53	190.38	197.45	64.90	150.69
Apr-35	196.33	59.34	113.65	185.96	71.45	210.15	196.88	67.68	159.25
Apr-36	194.66	61.42	120.30	184.94	74.54	230.89	196.64	70.46	168.11
Apr-37	196.23	63.56	127.20	186.48	77.68	252.66	196.20	73.28	177.30
Apr-38	197.07	65.78	134.38	187.78	80.84	275.51	196.73	76.17	186.86
Apr-39	200.50	68.08	142.03	190.84	83.97	299.44	200.30	79.04	196.96
Apr-40	205.00	70.56	150.35	194.29	87.14	324.50	202.46	82.02	207.79
Apr-41	208.70	73.21	159.48	195.01	90.46	350.73	200.44	85.18	219.45

Table 4. Breakdown of EIC Delivered Electricity Price Forecast (Nominal) – Scenario 1

£/MWh	Wholesale	Renewables Obligation	Contracts for Difference	FIT Estimated Pass-through	CCL	Capacity Market	AAHEDC	TNUoS Losses	DUoS Losses	DUoS - Heathrow Airport	TNUoS - Heathrow Airport	BSUoS
Apr-21	151.12	24.99	2.97	5.47	7.75	2.03	0.40	1.28	7.46	3.69	8.14	6.96
Apr-22	208.76	25.96	0.00	6.45	7.75	2.54	0.40	1.78	10.37	6.00	7.96	7.04
Apr-23	166.09	25.67	0.00	6.58	7.75	2.67	0.42	1.42	8.25	5.70	10.39	9.07
Apr-24	124.41	25.94	0.00	6.70	7.75	2.79	0.43	1.06	6.18	6.38	11.14	9.27
Apr-25	95.74	26.05	2.95	6.84	7.98	4.87	0.44	0.82	4.75	6.69	11.28	9.67
Apr-26	86.31	25.97	6.39	7.01	8.22	4.62	0.45	0.74	4.28	7.04	10.88	10.37
Apr-27	82.84	26.07	9.94	7.19	8.47	3.98	0.47	0.71	4.11	7.40	11.28	10.88
Apr-28	83.37	25.87	10.77	7.33	8.72	2.34	0.48	0.71	4.14	6.64	11.69	11.29
Apr-29	86.50	25.68	10.60	7.46	8.98	2.33	0.50	0.74	4.29	6.92	12.09	11.75
Apr-30	88.65	24.85	10.76	7.46	9.25	3.40	0.51	0.76	4.40	7.18	12.45	12.14
Apr-31	91.36	22.28	10.60	7.31	9.53	3.19	0.53	0.78	4.53	7.44	11.99	12.52
Apr-32	94.95	20.08	9.92	6.89	9.82	2.73	0.54	0.81	4.71	7.68	12.26	12.83
Apr-33	98.69	15.86	12.76	6.17	10.11	4.67	0.56	0.84	4.90	6.96	12.51	13.05
Apr-34	103.06	10.69	11.47	5.33	10.42	4.25	0.58	0.88	5.11	7.14	12.75	13.21
Apr-35	107.16	7.68	10.32	3.84	10.73	1.47	0.59	0.91	5.32	7.32	12.99	13.27
Apr-36	111.72	6.08	8.83	0.56	11.05	1.27	0.61	0.95	5.54	7.50	12.55	13.20
Apr-37	117.07	4.32	6.73	0.06	11.38	1.21	0.63	1.00	5.81	7.68	12.73	13.32
Apr-38	122.47	0.32	5.18	0.02	11.72	1.12	0.65	1.05	6.08	7.07	12.90	13.30
Apr-39	127.91	0.01	3.03	0.00	12.07	1.17	0.67	1.09	6.35	7.21	13.08	13.35
Apr-40	133.56	0.01	0.80	0.00	12.44	1.18	0.69	1.14	6.63	7.35	13.28	13.45
Apr-41	136.74	0.00	0.00	0.00	12.81	1.08	0.71	1.18	6.84	7.53	13.00	13.60

Table 5. Breakdown of EIC Delivered Electricity Price Forecast (Nominal) – Scenario 2

£/MWh	Wholesale	Renewables Obligation	Contracts for Difference	FIT Estimated Pass-through	CCL	Capacity Market	AAHEDC	TNUoS Losses	DUoS Losses	DUoS - Heathrow Airport	TNUoS - Heathrow Airport	BSUoS
Apr-21	151.12	24.99	2.97	5.47	7.75	2.03	0.40	1.28	7.46	3.69	8.14	6.96
Apr-22	219.22	25.96	0.00	6.72	7.75	2.64	0.40	1.87	10.89	6.00	7.96	7.31
Apr-23	174.28	25.77	0.00	7.00	7.75	2.82	0.42	1.49	8.66	5.70	10.39	9.94
Apr-24	134.28	26.06	0.00	7.17	7.75	2.98	0.43	1.15	6.67	6.54	11.14	10.92
Apr-25	104.71	26.23	0.00	7.31	7.98	5.16	0.44	0.89	5.20	6.97	11.28	12.07
Apr-26	96.44	26.12	0.67	7.41	8.22	4.40	0.45	0.82	4.79	7.40	10.99	13.30
Apr-27	94.63	25.92	2.84	7.47	8.47	4.57	0.47	0.81	4.70	7.79	11.42	14.18
Apr-28	95.74	25.39	2.52	7.43	8.72	3.87	0.48	0.82	4.75	7.14	11.80	14.86
Apr-29	100.70	24.85	0.00	7.37	8.98	2.93	0.50	0.86	5.00	7.40	12.13	15.45
Apr-30	100.95	23.65	0.33	7.19	9.25	3.35	0.51	0.86	5.01	7.63	12.42	15.90
Apr-31	94.12	20.81	5.83	6.85	9.53	3.45	0.53	0.80	4.67	7.84	11.89	16.21
Apr-32	90.42	18.40	13.22	6.28	9.82	5.19	0.54	0.77	4.49	8.04	12.06	16.30
Apr-33	91.26	14.26	14.05	5.48	10.11	4.02	0.56	0.78	4.53	7.42	12.26	16.31
Apr-34	86.94	9.45	19.26	4.65	10.42	1.98	0.58	0.74	4.32	7.62	12.51	16.10
Apr-35	85.05	6.70	22.36	3.31	10.73	2.06	0.59	0.73	4.22	7.88	12.84	16.05
Apr-36	87.33	5.23	22.43	0.48	11.05	2.08	0.61	0.75	4.33	8.17	12.58	15.89
Apr-37	89.03	3.69	23.04	0.05	11.38	1.96	0.63	0.76	4.42	8.53	13.02	15.93
Apr-38	94.71	0.27	20.74	0.02	11.72	2.11	0.65	0.81	4.70	8.23	13.51	15.94
Apr-39	95.89	0.01	22.05	0.00	12.07	2.14	0.67	0.82	4.76	8.62	14.09	16.18
Apr-40	97.33	0.01	23.70	0.00	12.44	0.98	0.69	0.83	4.83	9.08	14.77	16.33
Apr-41	93.72	0.00	25.12	0.00	12.81	0.95	0.71	0.81	4.69	9.54	14.85	16.60

Table 6. Breakdown of EIC Delivered Electricity Price Forecast (Nominal) – Scenario 3

£/MWh	Wholesale	Renewables Obligation	Contracts for Difference	FIT Estimated Pass-through	CCL	Capacity Market	AAHEDC	TNUoS Losses	DUoS Losses	DUoS - Heathrow Airport	TNUoS - Heathrow Airport	BSUoS
Apr-21	151.12	24.99	2.97	5.47	7.75	2.03	0.40	1.28	7.46	3.69	8.14	6.96
Apr-22	214.19	25.96	0.00	6.62	7.75	2.60	0.40	1.83	10.64	6.00	7.96	7.21
Apr-23	168.80	25.74	0.00	6.87	7.75	2.78	0.42	1.44	8.39	5.70	10.39	9.73
Apr-24	129.64	26.10	0.00	7.08	7.75	2.94	0.43	1.11	6.44	6.52	11.14	10.52
Apr-25	101.99	26.28	0.27	7.29	7.98	5.15	0.44	0.87	5.06	6.95	11.28	11.48
Apr-26	94.61	26.27	2.91	7.46	8.22	4.72	0.45	0.81	4.70	7.38	10.99	12.55
Apr-27	92.08	26.44	5.77	7.63	8.47	5.00	0.47	0.79	4.57	7.80	11.47	13.30
Apr-28	93.71	26.30	5.65	7.73	8.72	4.33	0.48	0.80	4.65	7.12	11.93	13.96
Apr-29	94.56	26.17	5.98	7.82	8.98	4.09	0.50	0.81	4.69	7.45	12.38	14.68
Apr-30	88.43	25.38	10.76	7.79	9.25	6.25	0.51	0.75	4.39	7.77	12.82	15.29
Apr-31	87.79	22.76	12.54	7.59	9.53	4.43	0.53	0.75	4.36	8.09	12.41	15.85
Apr-32	90.42	20.53	16.31	7.10	9.82	4.14	0.54	0.77	4.49	8.37	12.72	16.29
Apr-33	93.13	16.22	15.75	6.29	10.11	4.10	0.56	0.79	4.62	7.67	12.98	16.58
Apr-34	94.30	10.93	16.97	5.37	10.42	2.22	0.58	0.81	4.68	7.86	13.21	16.72
Apr-35	90.55	7.86	23.48	3.82	10.73	4.23	0.59	0.77	4.50	8.04	13.43	16.67
Apr-36	89.97	6.22	26.10	0.55	11.05	4.24	0.61	0.77	4.46	8.26	13.01	16.43
Apr-37	98.57	4.43	20.49	0.05	11.38	2.34	0.63	0.84	4.89	8.42	13.15	16.39
Apr-38	99.82	0.33	22.97	0.02	11.72	4.32	0.65	0.85	4.95	7.86	13.35	16.37
Apr-39	99.46	0.01	25.66	0.00	12.07	4.38	0.67	0.85	4.93	8.05	13.61	16.34
Apr-40	105.60	0.01	22.26	0.00	12.44	2.57	0.69	0.90	5.24	8.28	13.92	16.57
Apr-41	100.86	0.00	22.92	0.00	12.81	2.47	0.71	0.87	5.04	8.54	13.76	16.65

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