

ELECTRICITY MARKET STUDY FOR SOUTH EAST EUROPE JULY 2009 Edition



South East Europe is recording one of the highest growth rates in electricity consumption compared to the rest of Europe. Will new generation capacity be sufficient to meet this growth in demand?

Pöyry Energy Consulting is pleased to announce the release of the July 2009 edition of the ILEX Energy Report – “Electricity Market Study for South East Europe”.

The report covers a multi-country region comprising of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Macedonia, Montenegro, Romania, Serbia, including Kosovo and Slovenia. Our **European Electricity and Carbon** model **EureCa** is capable of investigating the links between this region, the rest of Europe and Turkey, and the consequent impact on price levels.

We also present a brief review of the electricity market background of each country, assessment of the various market players and developments in key market sectors. A new section on

carbon and renewables is included in this report as well.

The update provides our **projections of the fundamental drivers** and describes our modelling methodology used to generate the final electricity prices for the South East Europe market.

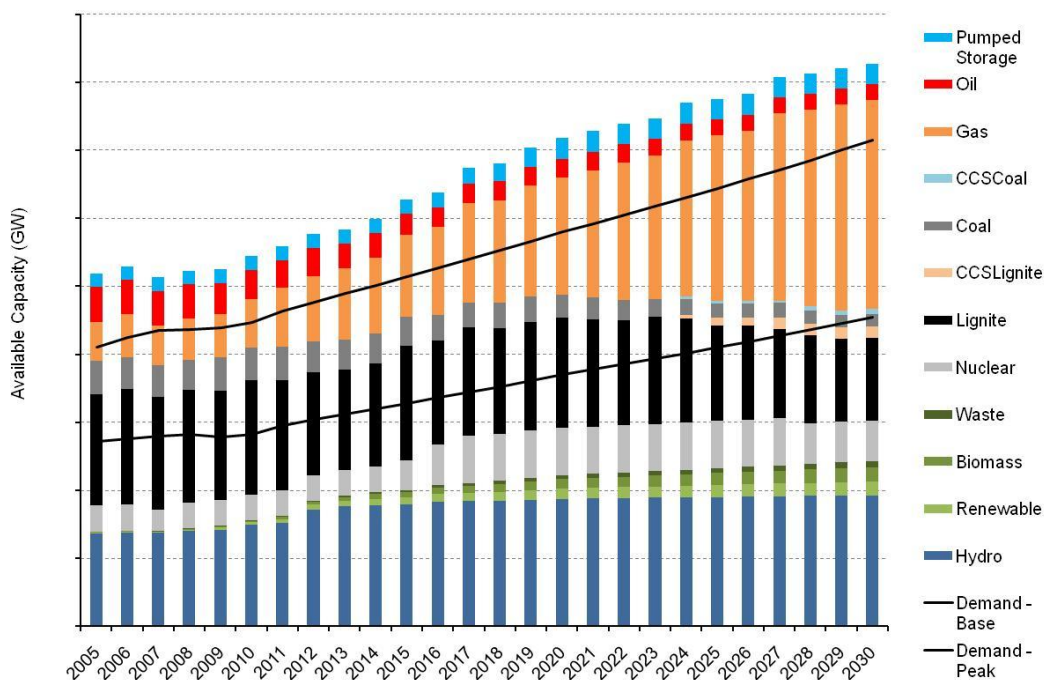
Various assumptions for demand growth, fuel and carbon prices, and capacity projections are combined to cover a range of plausible outcomes.

We review current plans for new capacity in the market and examine the drivers behind different types of new build. This analysis is then compared and contrasted with our price projections to obtain a consistent picture of future market entry.

We present three price scenarios and explore the impact of carbon pass-through into the electricity price:

- a **High** price scenario examining the effect of high fuel and carbon prices coupled with high demand, capacity growth with a relatively low proportion of the new capacity being from renewables to put an upward pressure on prices;
- a **Central** scenario characterised by our central (most likely) views on all assumptions; and
- a **Low** price scenario where low demand and capacity growth, low fuel and carbon prices and relatively high proportion of the new capacity being from renewables to put a downward pressure on prices.

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South East Europe – Regional capacity and annual peak demand projections to 2030

As a complementary 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, merit order curves, further sensitivity analysis and bespoke runs using client defined input assumptions.**

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