

The Italian electricity and renewables market

Pöyry Management Consulting is pleased to announce the release of the latest update of its Energy Report – The Italian electricity and renewables market.

The Italian electricity and renewables market report is designed to provide a guide to potential investments and an essential risk management tool for project developers, financiers and utilities. It is built on Pöyry's long-standing modeling expertise and in-depth knowledge of European energy markets.

The report provides **wholesale electricity price projections for Italy out to 2040** in three internally consistent scenarios – **High, Central and Low**. All standard scenarios consider the implementation of the Capacity Market in Italy from 2020. An **"Energy only"** scenario is also provided projecting the evolution of prices in a market with no capacity remuneration.

Our view is supported by a description of the current Italian electricity market – sources of supply and demand, major players, commercial arrangements, and an overview of the regulatory and policy framework for electricity production from traditional and renewable energy sources.

Upon client request a technology specific annex for wind or solar can be added to the standard report. The annex contains a detailed description of the regulatory framework, the incentive systems and projections of the possible revenue sources for renewable generation (e.g. green certificates for non-solar technology, generation-weighted average (GWA) prices at zonal level for a generic portfolio of solar/wind assets, GSE payment and/or upside under the new Contract-for-Difference scheme, total revenues by plant type).

In addition, we also provide a specific add-on report focusing on imbalance costs forecast for renewable sources.

The zonal structure of the Italian market is fully considered in our modeling approach. We present annual projections for macro-zone prices (North, Center North, Center South, South, Sicily and Sardinia) and for the Single National Price (PUN).

The report is available either as a **stand-alone** product or as an **annual subscription** service with updated market analysis and projections on a quarterly basis.

Updating our price projections on a quarterly basis allows us to incorporate the most up-to-date information on fuel prices, demand and government policy. We use our European electricity model to examine the effect of differences in key drivers, such as:

- fuel and carbon prices derived from our suite of models;
- construction of new generation capacity and plant retirements;
- electricity demand; and
- development of low carbon technologies, such as renewables and CCS.

Our modeling expertise is complemented by our knowledge of European electricity markets. By simultaneously modeling electricity markets across Europe, we can take account of the limits and opportunities presented by physical interconnections with neighboring markets.



Pöyry Management Consulting (Italia)

THE ITALIAN ELECTRICITY AND RENEWABLES MARKET

Figure 3 – Net installed capacity by year and technology (GW)

| Year | Hydro | Wind | Solar | Geothermal | Biomass | Total |
|------|-------|------|-------|------------|---------|-------|
| 2009 | 71 | 0 | 0 | 0 | 0 | 71 |
| 2010 | 73 | 0 | 0 | 0 | 0 | 73 |
| 2011 | 74 | 0 | 0 | 0 | 0 | 74 |
| 2012 | 75 | 0 | 0 | 0 | 0 | 75 |
| 2013 | 71 | 0 | 0 | 0 | 0 | 71 |
| 2014 | 69 | 0 | 0 | 0 | 0 | 69 |

Table 1 – P2H price projections for key years (€/MWh, real 2015 money)

| Year | High | Central | Low |
|------|-------|---------|------|
| 2015 | 49.8 | 39.2 | 31.9 |
| 2016 | 58.0 | 35.8 | 28.0 |
| 2017 | 67.7 | 35.6 | 30.9 |
| 2018 | 112.4 | 69.0 | 34.7 |
| 2019 | 117.3 | 74.4 | 36.3 |
| 2020 | 120.6 | 80.5 | 40.3 |
| 2025 | 122.3 | 81.4 | 41.9 |

As a supplementary product, Pöyry 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.**

We would be pleased to discuss with you how our market insight can help your business.

Pöyry Energy Reports

Pöyry Management Consulting produces Energy Reports for electricity, gas, carbon and green certificate markets across Europe and beyond.

Pöyry Management Consulting is Europe's leading energy consultancy, providing strategic, commercial, regulatory and policy advice to the energy market.

Our team of European energy specialists, located across 15 offices and 12 countries, offers unparalleled expertise in the rapidly changing energy sector.



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