



REUTERS/Denis Balibouse

# Research and Forecast – Power

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Polish Power Exchange



THOMSON REUTERS

# Points

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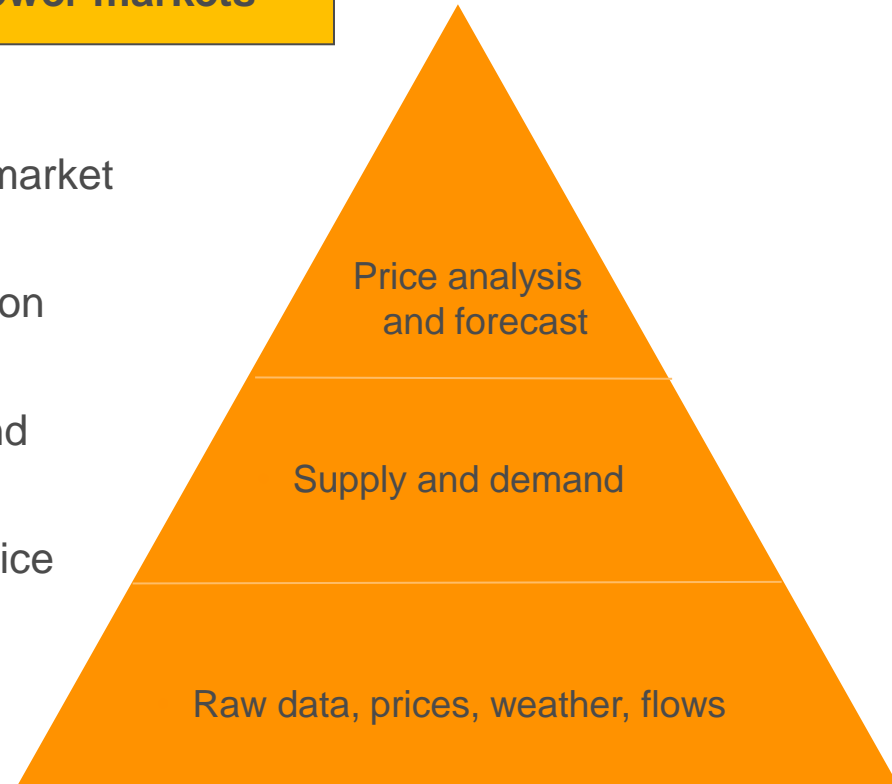
- Our approach
- Polish power market observations
- Thoughts on market development

# What do we do

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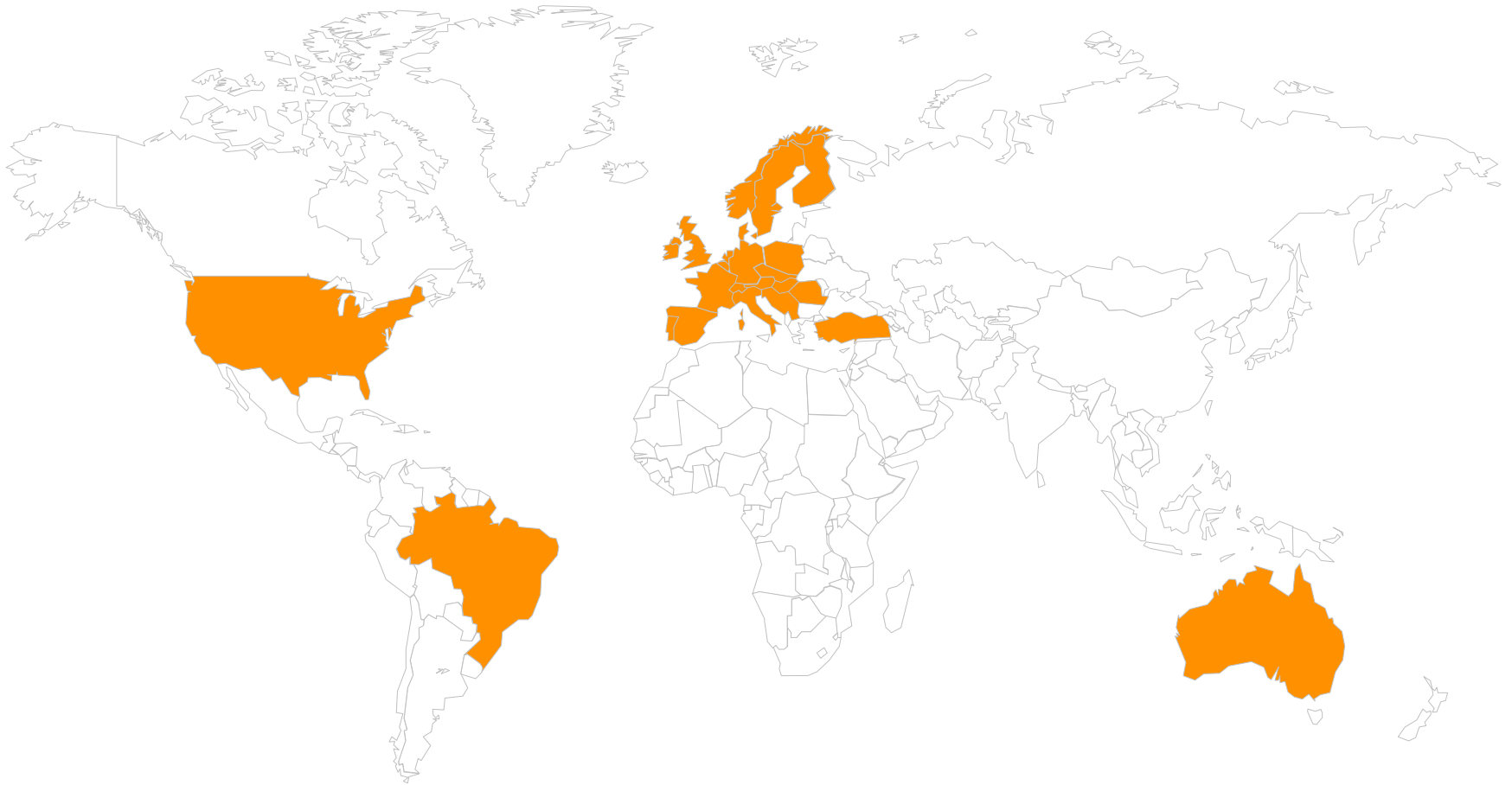
## Critical insights for the power markets

- Decision support for active players in the market
- Understand price drivers and price formation
- Quantitative analysis of supply and demand
- Forecasting supply, demand and power price



# Global focus

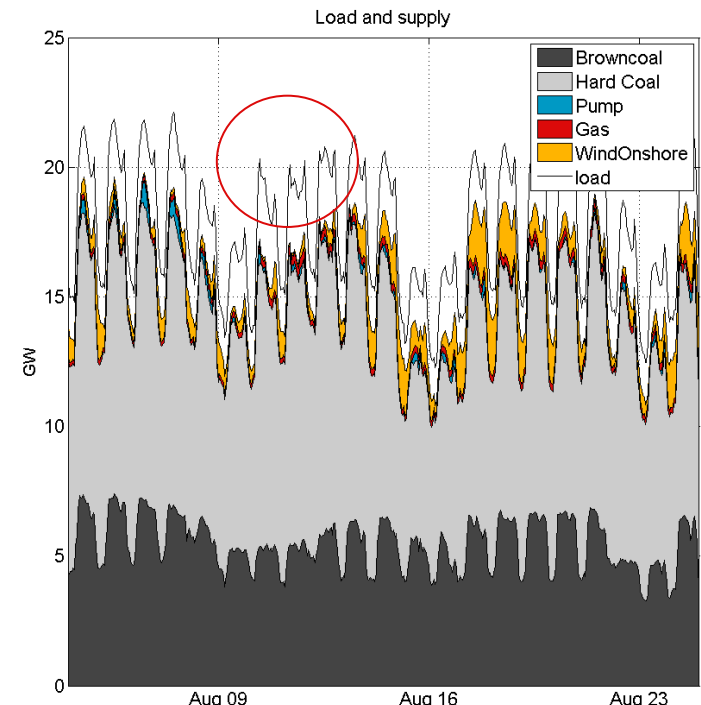
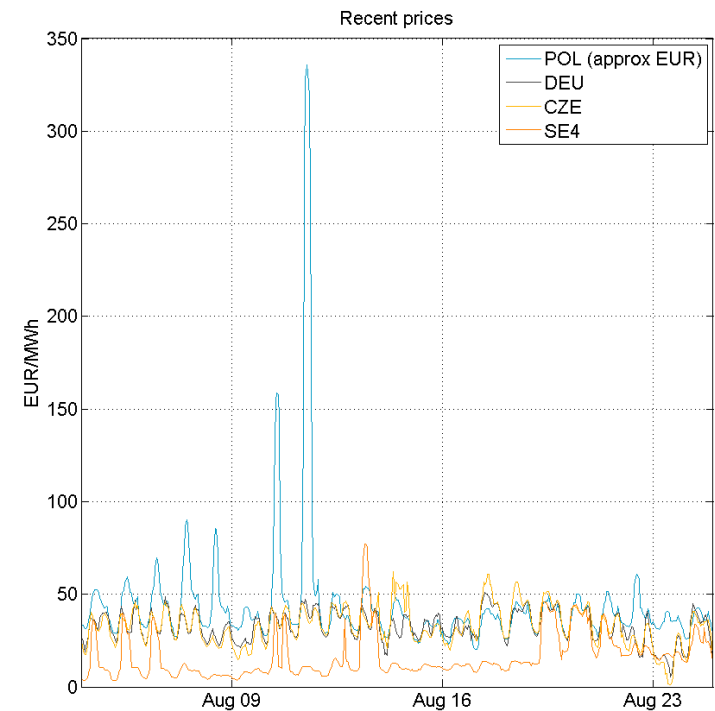
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# Observations

# Tight balance – high price

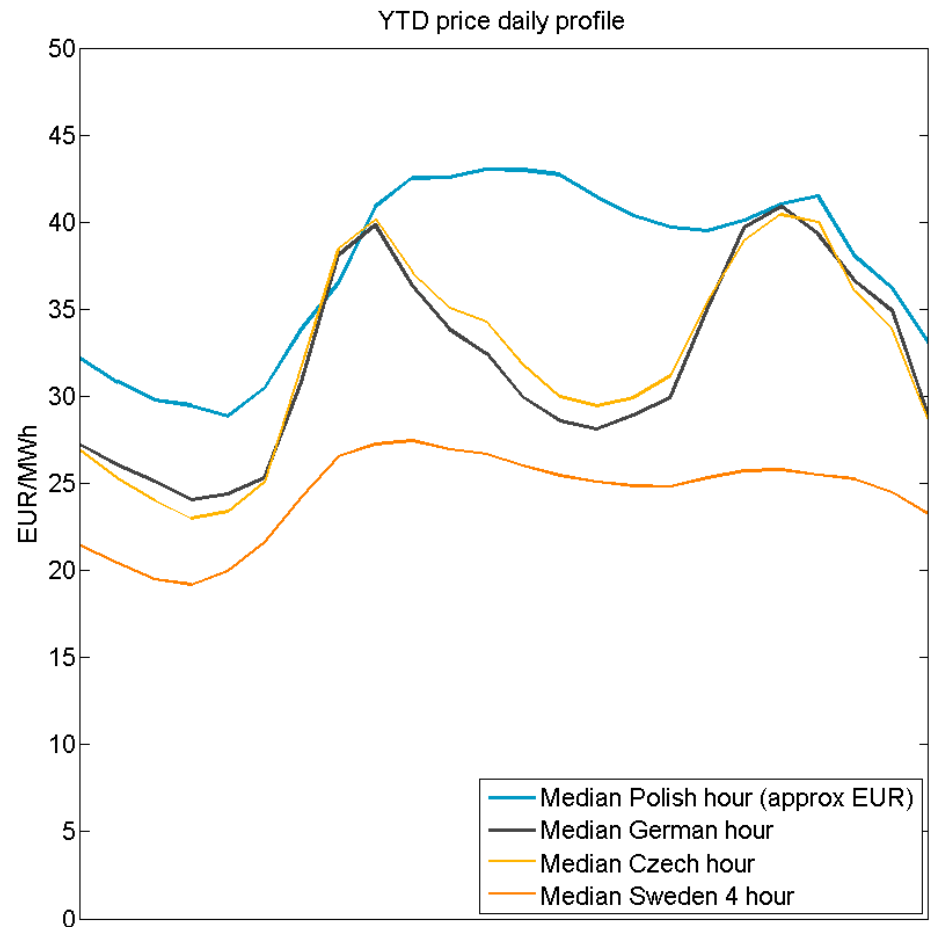
- August supply problems
- Rationing of industrial power consumption
- Little or no wind power
- Little or no increase in imports
- DA Price up ~1400 PLN/MWh



# Spot price profiles

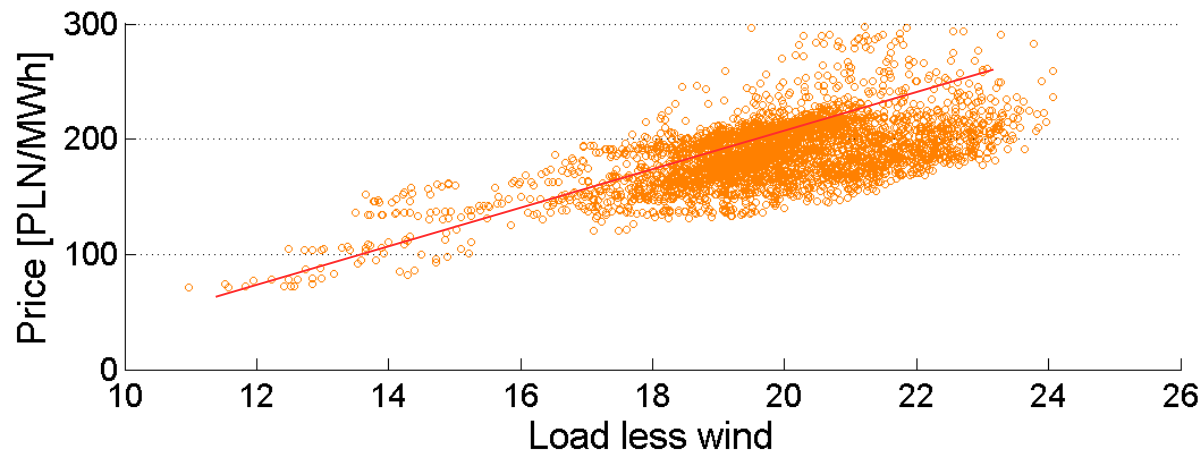
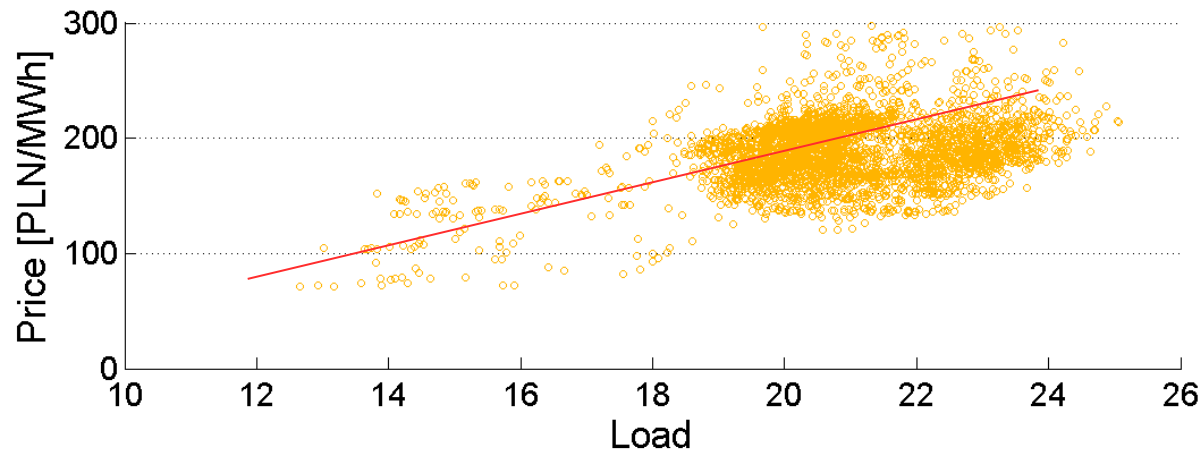
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- High level overall
- Solar dip in DEU/CZE
  - Stronger in summer months
- Nuclear power pushing night prices down
- Shoulder hours more similar
- Sweden border  $\sim 0.6$  GW  $\rightarrow$  imports



# Wind versus price

- Positive relation between load and price
- Adding wind: relation noticeably stronger
- On-peak prices (capped at 300 PLN/MWh) 1 year back

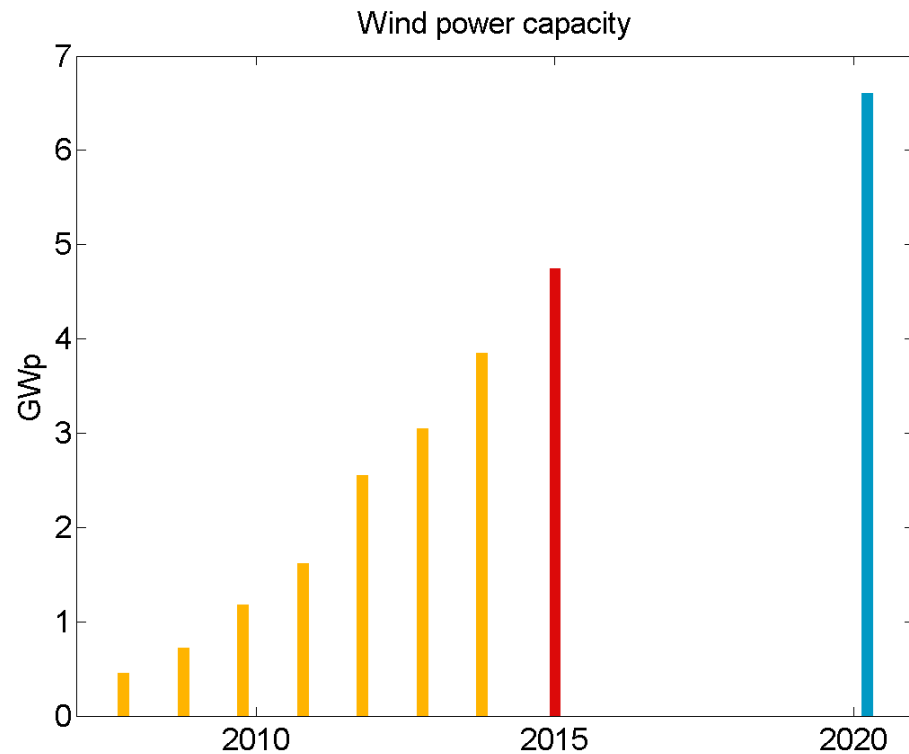




# Fossil dominates – but wind increasing

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- ~4 GW installed capacity
- Government plans of 6.5 GW in 2020\*
- Up to 1/3 of load in peak
- Creates more volatility – need forecast



## Emissions major factor

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- At current EUA prices, emissions can be 15-20% of the marginal cost of coal production
- Current political proposal on EU ETS regulation in 2021-2030 period, can be very relevant for the Polish power sector
- News coverage
- Emission price forecast
- Analyst coverage of all events impacting the market
- Access to analysts

# Market Development

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- Price premium to nuclear, hydro and solar supplied neighbours with limited crossborder capacity
  - Trend is in the direction of market coupling and better utilization of the borders
- Wind power causes short term volatility – likely to increase
- Longer term, EUAs large part of the marginal costs – likely to increase

