

LONG-TERM PRICE FORECAST REPORT

UNDERSTANDING THE ENERGY MARKETS IS KEY TO A SUCCESSFUL ENERGY MANAGEMENT STRATEGY AND IT CAN ALSO AID YOUR FINANCIAL PLANNING

Market volatility continues to influence our energy prices, however the wholesale cost is no longer the only concern. Non-Commodity Costs (NCC) such as Feed-in Tariff (FiT), Renewables Obligation (RO) and Climate Change Levy (CCL) are contributing to a large proportion of your costs.

These third party charges are added to your energy bills and include; network costs to pay for the upkeep of the networks that supply your energy, the costs of supporting government environmental obligations and the subsidy of energy efficiency schemes. With the introduction of the Electricity Market Reform (EMR) in 2013 and the demise of the Carbon Reduction Commitment (CRC) set for the end of 2018/19, these charges are set to soar. We predict that in the 10 year period from 2015 to 2025, these additional charges will have risen by 85%. In financial terms this means that a power bill for a 10 GWh customer which cost £830,000 in 2015 is likely to exceed £1.35 million in 2025.

HOW EIC CAN HELP

Whilst we can't prevent the rise of NCCs, we can ensure you are fully prepared for the increases. Our team of Specialists work hard identifying trends, examining historical figures and forecasting for the future. Their expertise has enabled us to produce the Long-Term Price Forecast Report. A valuable tool which illustrates the annual projected increases to your energy bills and calculates your energy spend for the next 5 years. This allows you to confidently forward budget and avoid any nasty surprises.

WHAT WILL THE REPORT INCLUDE?

The report is available in two formats, a site specific, bespoke report to your business with a forecasting period of 5, 10 and 15 years, and a standard overview report forecasting for 5 years. It has three main sections:

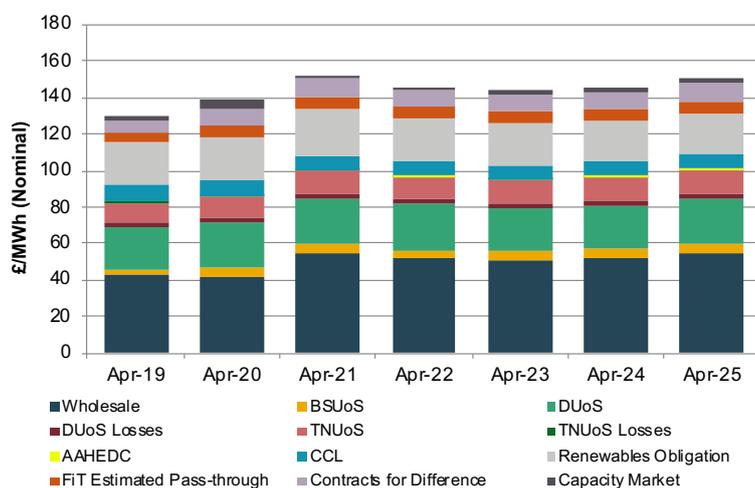
- 1. Scenarios** – a narrative section sets the scene for the price forecast. It discusses the market drivers and the effect they will have on prices throughout the years.
- 2. Price forecast** – illustrates fully delivered budgets in simple graph and chart format.
- 3. Explanatory notes** – a step by step guide to each aspect of the forecast with an explanation of each element of your bill.

*Figures below are for illustrative purposes only

£/MWh	Wholesale	RO	CfD	FiT	CCL	CM	AAHEDC	DUoS	TNUoS	BSUoS
Apr-18	53.69	22.10	3.73	5.49	5.83	3.66	0.25	22.88	10.20	3.09
Apr-19	42.51	23.61	5.60	5.83	8.47	3.16	0.26	23.35	10.91	3.66
Apr-20	41.52	23.57	8.50	7.08	8.11	4.80	0.30	25.81	11.55	4.82
Apr-21	54.56	25.12	10.36	6.38	7.75	1.64	0.30	24.61	13.05	4.73
Apr-22	51.80	24.09	9.35	6.35	7.75	1.12	0.31	25.18	11.88	4.79

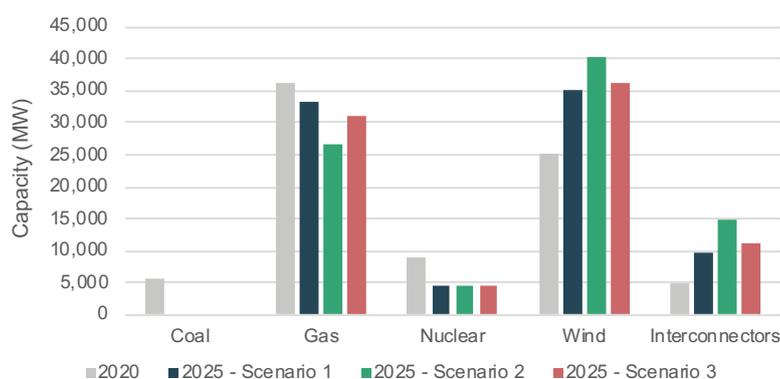
The table above includes example data and illustrates one of the potential scenarios for electricity from 2018 - 2022. It shows our calculations of the wholesale element with each non-commodity charge applied to forecast the fully delivered price. The multiple scenarios we show are representative of economic issues and include factors such as speed and growth of renewables, developments in hydrogen and changes to gas and power demand levels so you can be confident we have all bases covered.

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Graphs and charts are featured throughout the report for each scenario for ease of reference.

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£/MWh	Delivered Power Price	Wholesale Gas Price	EU ETS Price (€/tCO2e)
Apr-18	134.05	20.56	15.85
Apr-19	129.84	12.13	24.40
Apr-20	138.48	8.51	25.49
Apr-21	151.68	16.11	24.84
Apr-22	145.64	14.85	25.09

WHY CHOOSE EIC?

EIC has an expert team of Energy Market Specialists interpreting the complex energy markets on your behalf. The Long-Term Forecast Report can help you accurately budget and forecast your energy prices with confidence.

In summary you can use this report:

- To determine how TCR changes will affect your business
- As an independent long-term budgeting tool
- To see the impact of Government legislation
- To help you to gain key market insight to aid negotiations on energy costs
- As a support to Energy Solutions projects and investment decisions
- For insight into future fully delivered prices

RELATED SERVICES

EIC can assist with [Fixed Procurement](#), [Flexible Procurement](#) and [Market Intelligence](#). For more information about EIC and our services visit www.eic.co.uk, call 01527 511 757 or email info@eic.co.uk

