

Benchmark Power Curve

Cornwall Insight's Benchmark Power Curve (CI BPC) is designed for lenders, equity investors, developers, operators, traders and financial advisors engaged with the power market in Great Britain (GB).

The CI BPC is a comprehensive market and asset-level power price modelling service that delivers long-term price forecasts, informed by industry-leading regulatory, market and policy expertise, and supplemented with direct access to trusted practitioners.

KEY COMPONENTS OF CI BPC

Range of credible forecasts

Scenario-based "Central, High and Low" 20-year projections of electricity prices in Great Britain (GB). Coverage includes baseload and peak prices at a market level to capture the difference in value between typical wholesale markets. Prices are presented in real values of the day and at quarterly granularity.

Future-proof

The scenarios are not snap-shots based on current market structure, but capture the rapidly changing market landscape with greater renewables, flexibility, interconnection with European markets and growth of electric vehicles (EV).

Capture of different power market assets

Price curves are published for different technologies, fully reflecting price and value-capture based on the different operating and load profiles of various types of power assets.

Integrated approach to the market

The modelling captures the effect of location on the behaviour of small-scale capacity in the distribution networks. The model also integrates balancing market, capacity market, gas, coal, and carbon forecasts.

THE CI BPC SERVICE

The CI BPC service has been designed with customers in mind, allowing for ease of integration of data outputs with your own models. The service has also been designed to address widespread concerns about the drift between typical power price modelling and real-life market practice, and the lack of adequate explanation of why long-term price forecasts change. The CI BPC service includes:

Ease of integration

Data outputs can be simply integrated with financial modelling and business plan templates.

Regular explanation and context setting

A quarterly report with revised forecasts and explanations of changes, risk assessment and sensitivities. Coverage includes regulatory developments, policy direction and the development of network charging principles, delivering a comprehensive yet focussed outlook on the prospects for the GB wholesale power market.

Direct engagement on model results and interpretation

Cornwall Insight's team of experts provide a wrap-around support service to assist with the interpretation of results. Bi-annual user group forums enable greater stakeholder understanding and engagement with the modelling process and development.



Benefits of CI BPC

The CI BPC provides our clients with unparalleled insight to the price evolution of the wholesale market:

Activity it supports	Benefits	Who uses it
Quantify the range of long-term power market price risks	<ul style="list-style-type: none">— Understand the range of credible long-term electricity prices captured by different technologies— Banks can build robust lending criteria and lending strategies shaped around power price and market fundamentals— Equity investors can develop investment policy and criteria including timing of investment, technology selection and portfolio mix – given macro views of power market evolution over the long-term— Operators and traders can make informed decisions about how best to capture market value through hedging and contracting strategies	<ul style="list-style-type: none">— Banks and debt providers— Equity investor/developer— Financial advisor— Operator and trader
Construct and stress-test investment cases Accurately value assets for buy-side and sell-side activity	<ul style="list-style-type: none">— Incorporate asset level price curves into project/ portfolio financial models for new build, repowering/ re-financing projects— Banks can determine and stress-test the lending base case, size debt and forecast debt ratio performance to avoid over-gearing— Equity investors and advisors can build robust ranges of levered and unlevered returns, understanding evolution of value and risk over time, and ensure they pay/receive fair value for acquired/sold assets	<ul style="list-style-type: none">— Banks and debt providers— Equity investor/developer— Financial Advisor
Optimise power assets	<ul style="list-style-type: none">— Benchmark and assess the value delivered by different routes to market and Power Purchase Agreement structures, and set operational budgets and trading strategies for power projects	<ul style="list-style-type: none">— Banks and debt providers— Equity investor/developer— Financial advisor— Operator and trader

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Cornwall Insight supported Bluefield LLP with building a model to evaluate the revenue streams of battery storage. The team was highly knowledgeable, capable and personable.

Taryn Duckworth, Associate Director at Bluefield Partners LLP

We've been commissioning power market studies from Cornwall over the past two years. The consultants' depth of knowledge in this vast field is impressive.

Peel Energy Ltd

Cornwall Insight delivered us an excellent and insightful report that clearly defines the influences on the UK wholesale electricity sector.

Neil Smillie, Strategy & Performance Manager at South West Water

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