

# Benchmark Power Curve

**Cornwall Insight Australia's 'Benchmark power curve' is designed for lenders, equity investors, developers, operators, traders, and financial advisors engaged with the National Energy Market (NEM)**

It 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

### Range of credible forecasts

Scenario-based "Neutral, High, and Low" 30-year projections of electricity prices in Australia's NEM. Coverage includes average spot prices, captured prices per technology, base volatility forecasts, and time-weighted prices presented in real values of the day and at 5-minute granularity for the first 5 years of the 30-year forecast horizon (30-minutes for remaining forecast).

### Future-proof

The scenarios not only present snapshots of future market trends, they also capture intraday commercial impacts (including volatility) of many future developments including interconnection, retirements and renewable energy zone (REZ) developments.

### Capture of different power market assets

Technology-agnostic approach, with price curves for all technologies in the NEM fully reflecting price and value-capture based on the different operating regimes, load profiles, and asset portfolio of various stakeholders.

### Integrated approach to the market

The modelling captures the effect of location on different asset classes as well as the drivers behind the trends in the value they can capture from their different regions.

## THE SERVICE

### Overview

The service has been designed with customers in mind, allowing for easy integration of data outputs with your own models. The service also addresses 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 service includes:

### Ease of integration

Data outputs can be simply integrated with financial modelling and business plan templates at 30-minute granularity.

### Regular explanation and context setting

A quarterly report with revised forecasts and explanation of changes, risk assessment, and sensitivities. Coverage includes regulatory developments, policy direction, and the development of the physical network, delivering a comprehensive yet focussed outlook on the prospects for the NEM.

### Direct engagement on model results and interpretation

Cornwall Insight Australia's team of experts provides a support service to assist with interpreting results.

# Benefits

The 'Benchmark power curve' provides our clients with unparalleled insight in 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"> <li>- Understand the range of credible long-term electricity prices captured by different technologies.</li> <li>- Banks can build robust lending criteria and lending strategies shaped around power price and market fundamentals.</li> <li>- 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.</li> <li>- Operators and traders can make informed decisions about how best to capture market value through hedging and contracting strategies.</li> </ul>	<ul style="list-style-type: none"> <li>- Banks and debt providers</li> <li>- Equity investor/ developer</li> <li>- Financial advisor</li> <li>- Operator and trader</li> </ul>
Construct and stress-test investment cases  Accurately value assets for buy-side and sell-side activity	<ul style="list-style-type: none"> <li>- Incorporate asset level price curves into project/ portfolio financial models for new build, repowering/ re-financing projects.</li> <li>- Banks can determine and stress-test the lending base case, size debt, and forecast debt ratio performance to avoid over-gearing.</li> <li>- Equity investors and advisors can build robust ranges of levered and unlevered returns, understand evolution of value and risk over time, and ensure they pay/receive fair value for acquired/sold assets.</li> </ul>	<ul style="list-style-type: none"> <li>- Banks and debt providers</li> <li>- Equity investor/ developer</li> <li>- Financial advisor</li> </ul>
Optimise power assets	<ul style="list-style-type: none"> <li>- 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.</li> </ul>	<ul style="list-style-type: none"> <li>- Banks and debt providers</li> <li>- Equity investor/ developer</li> <li>- Financial advisor</li> <li>- Operator and trader</li> </ul>



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