

FCAS price curves

Cornwall Insight Australia's 'FCAS price curves' are designed for lenders, equity investors, developers, and operators to support them in investment cases, budgeting, asset benchmarking, and business planning.

The 'FCAS price curves' service provides subscribers with a granular price forecast for all eight FCAS markets over a 20-year period. Our innovative forecasting model utilises a statistical bid-based approach at the DUID level to allocate optimal dispatch over the eight FCAS markets, while incorporating energy market information and dispatch from our industry recognised and widely adopted 'Benchmark power curve' price forecast model.

KEY COMPONENTS

Market simulated bid-based approach

Our FCAS model simulates the bids of each unit currently active in the NEM FCAS markets. Each unit has its own detailed probabilistic bid profile which is created through expert analysis and consideration of the realistic technical and market requirements. New unit entries and the associated technology types are modelled on a technology cost/ return basis to ensure the evolving and changing market is captured in the forward FCAS price curves.

Demand and volume

Our base case utilises a conservative regression model based on historic AEMO procurement volumes across each FCAS market. We review and revise our demand forecasts based on the latest NEM regulatory and policy changes.

Granular forecast

Our FCAS model utilises granular trading for all eight FCAS markets and creates the market settlement prices using a replicated NEM dispatch engine.

THE SERVICE

Overview

Cornwall Insight Australia has designed our FCAS price curves so that market participants can assess and review the potential impact of forward FCAS prices and market trends on both prospective and current projects and energy businesses.

Cost and revenue

The granular settlement period FCAS curve data can be used to more accurately assess possible FCAS costs for a given load or generation profile compared to simple backcasting. Our FCAS curve data can be used to estimate and review FCAS revenues from new or existing assets to build trust in investment cases and trading strategies. Cornwall Insight Australia has also developed a storage investment model which uses our FCAS price curve to optimise FCAS revenues.

Regular explanation and context setting

We provide a bi-annual report containing FCAS price forecasts, market risk assessment and expert analysis on emerging trends. Coverage includes reviewing the introduction of new capacity, changing market volumes and technology participation, as well as analysis of captured prices, which provides a comprehensive yet focussed outlook on the prospects for FCAS markets in the NEM.

Access to expert advice

This service includes access to Cornwall Insight Australia's industry experts. We seek and encourage open engagement between our experts and subscribers to ensure our service provides clear meaningful insights. Accordingly, the data and results from our models are more understandable and enable clients to confidently engage in the market and make informed business decisions.



Benefits

FCAS markets are becoming an increasingly important issue for clients affecting costs for generators and loads as well as revenue streams for emerging and current FCAS market participants. This service gives subscribers the insights they need to make crucial market decisions as the NEM and FCAS markets continue to evolve:

Activity it supports	Benefits	Who uses it
Load and generation cost analysis	<ul style="list-style-type: none">- Granular settlement period pricing allows for asset specific analysis of both potential liabilities for causer payers and associated costs. The service includes volatility analysis of future prices and outcomes allowing business to take calculated risks and manage their assets and market commitments optimally.	
Investment business cases	<ul style="list-style-type: none">- The biannual report summarises market findings as well as analyses future market share and technology mix allowing clients to determine future market growth and undertake revenue and volume risk assessments.- The dataset (containing the battery trading data) is provided in a usable format facilitating easy integration with financial models and allows for detailed volatility reviews and assessment of forward opportunities.	<ul style="list-style-type: none">- Lenders- Equity investors- Developers- Generators- Operators- Retailers- Government- Market bodies- Regulatory bodies
Policy development	<ul style="list-style-type: none">- Policy makers at all levels can use our FCAS curves to evaluate and review the forward FCAS markets. Assisting them to both understand the market signals and as well as potential requirements for new market design or government investment.	



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