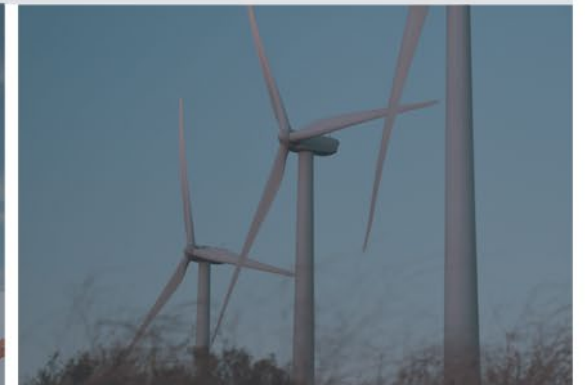


# GB Power Market Outlook to 2030



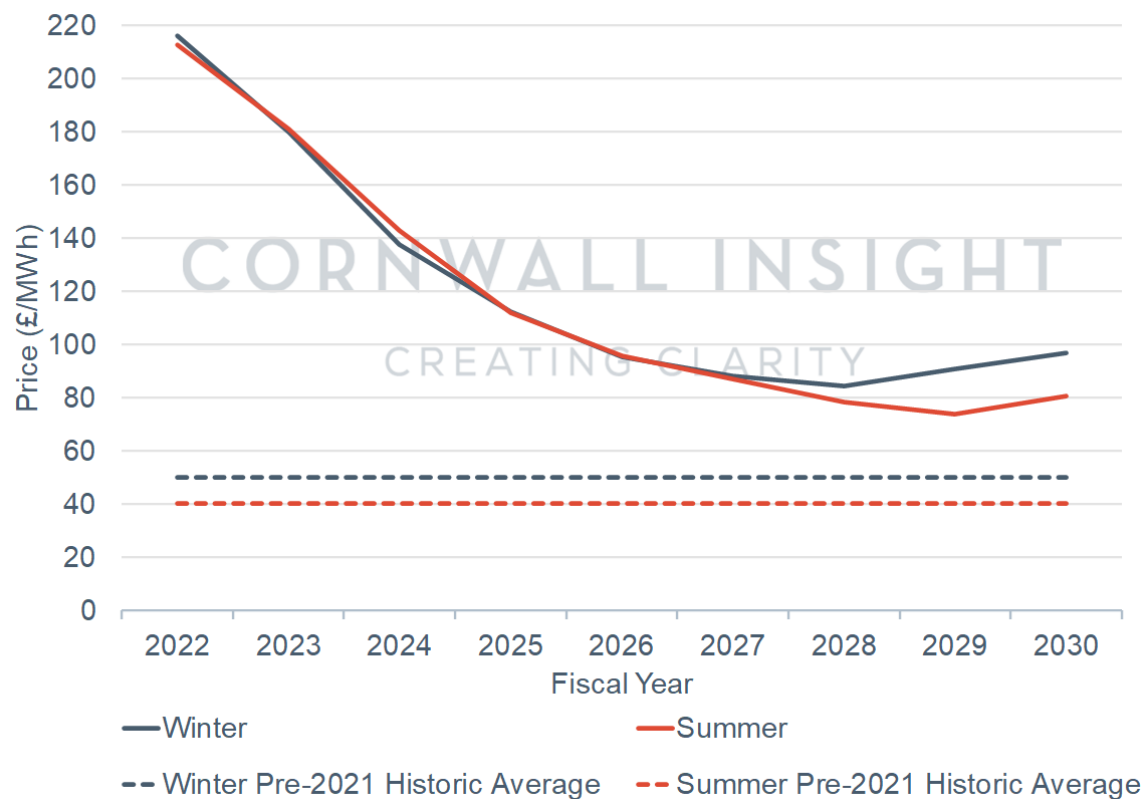
Q2 2022



# GB Power Market Outlook to 2030

This report provides an annual overview of trends for the GB Power Market out to 2030 using outputs from Cornwall Insight’s latest Benchmark Power Curve (BPC) for the British Electricity Market covering England, Scotland and Wales. This publication is based on comprehensive market and asset-level power price modelling that delivers long-term power price forecasts, informed by industry-leading regulatory, market and policy expertise, and supplemented with direct access to trusted practitioners. All numbers/ figures are based on Cornwall Insight modelling, except where explicitly referenced.

**Figure 1: Power price forecasts - average price per fiscal year**



## Key Drivers

- High power prices in winter 2022 are caused by concerns about gas supplies in the EU, high gas prices have increased coal burn which have driven carbon prices to new highs. Our forecast for winter 2022 has decreased, following gas prices.
- The conflict in Ukraine has also caused European countries to target higher levels of renewables deployment. This deployment happens as interconnectors come online and increases competition for GB export renewables, decreasing prices in the 2020s compared to our previous report.
- Instead of a sharp drop that plateaus in 2023-2024, this report forecasts a slower drop in prices before starting to plateau in 2028, mirroring the change in our gas forecasts.
- As we approach 2030 electrification of the economy increases demand, levelling out the power price. This demand growth is mostly met by low-carbon, low marginal cost generators and as a result power prices do not significantly increase, although they remain above pre pandemic levels.

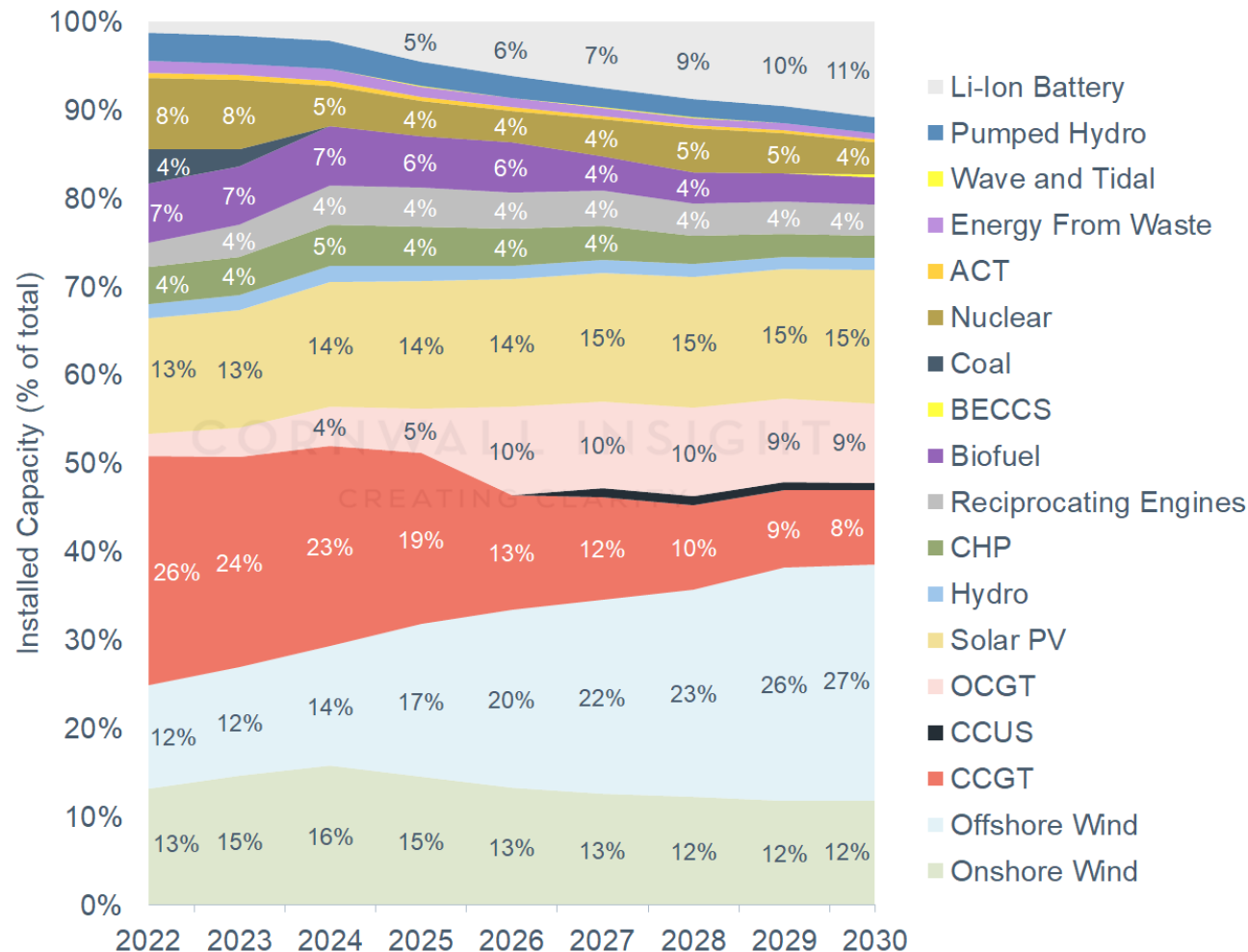
Source Cornwall Insight Benchmark Power Curve

## Generation Technology Mix

Underlying the forecast changes in power prices are the significant changes to the technological make-up of the system.

- Despite security of supply contracts for coal plants to remain open in winter 2022-23, all coal capacity is due to close by April 2024, in line with the government targets. Increasing carbon prices have accelerated decline of coal-fired power stations.
- Solar and onshore wind capacity will increase as cheap generation options to meet decarbonisation targets and rising demand.
- This report forecasts higher growth in offshore wind than our last report as the government target for offshore wind capacity has increased from 40GW by 2030 to 50GW by 2030.
- As a result of higher offshore wind capacity:
  - The variability of wind generation accelerates the switch from CCGT to OCGT, as OGCTs can be operated more flexibly to maintain system security. This is particularly evident in 2025-26 where the latest CM auction had no successful CCGT new build agreements.
  - Increased battery capacity will also be needed to allow the grid to operate more flexibly. Here we see lead time delaying increases in the technology's capacity until 2025.

Figure: Future electricity generation capacity breakdown



Source Cornwall Insight Benchmark Power Curve

Our experts are on hand to discuss any of the information above in more detail





## Benchmark power curve

The Benchmark power curve is a comprehensive power price modelling service, providing market and technology-specific forecasts. It delivers long-term 25 year price forecasts, informed by our significant market, policy and regulatory expertise, along with direct access to our experts.

### The key benefits are:

- Understand the range of credible long-term electricity prices
- Develop investment policy
- Make informed decisions
- Technology-specific forecasts
- Support you in making decisions on the value of different routes to market

The Benchmark power curve is part of our Power revenue forecasting service which offers complete coverage and insight across all revenue streams available for a low carbon generation asset. Our comprehensive service offers regular price and value monitoring of key revenue streams and can help you to:



Maximise your commercial position



Understand the changing charging regimes and how they could impact you



Build a comprehensive business case



Mitigate risks and understand how revenues and costs are forecast to change

## Contact us

Our experts will add to the insight of your team, enabling you to make better decisions faster.

We understand that people are busy in the rapidly evolving market of today, and our data and insights enable you to act faster and sharper, improving your company's financial and operational outcomes.

Our team are always on hand to answer any questions you may have and offer independent, trusted advice.

By using us, you can be assured of the latest insights and updates on the market.



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# CORNWALL INSIGHT

CREATING CLARITY

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