

# Wholesale Electricity Price Projections for Armenia

## The Armenian Government kicked off 2021 with the approval of a revised energy development plan

Since 2004, Armenia's power market design has not changed significantly. Although direct sale-purchase contracts between generators and the distribution company (single-buyer) do exist, supply to end-customers is fully regulated. However, Armenia envisages the gradual liberalisation of the electricity market with bylaws underway in the coming years.

Nuclear power is the backbone of the domestic power generation mix with a 39% share of total generation. Gas-fuelled thermal power plants and hydroelectric units (mainly run-of-river) equally account for around 30%. In 2020, the total installed capacity amounted to 2.9GW. Solar PV and wind capacities are limited at the moment. Power demand in Armenia amounts to around 6TWh.

Until the end of 2022, 560MW of new generation units are in the pipeline, out of which 265MW is solar PV. Armenian authorities are planning new tenders for a combined solar PV capacity of 520MW in the near future. Energy consumption is focused in the residential and transport sectors with a respective share of 33% in final energy consumption. The remaining portion of energy demand is mainly distributed between agriculture, commercial and public services.

To increase supply security and strengthen market position in the region, the North-South Road Corridor is currently under development, expanding Armenia's interconnections to Georgia and Iran. Armenia is also engaged in the establishment of the Common Electricity Market of the Eurasian Economic Union (EAEU), the go-live of which is planned in 2025. The EAEU foresees the harmonisation of cross-border power transmission and trade rules among member states (Armenia, Belarus, Russia, Kazakhstan, Kyrgyzstan, and Russia).



# Our Offering

## AFRY Independent Market Report

- Presents our annual projections for wholesale electricity prices out to 2060 for our three internally consistent scenarios (High, Central and Low). These scenarios incorporate total energy system decarbonisation trajectories across the European electricity, heat and transport sectors.
- Considers the main drivers of electricity prices in each scenario, including:
  - the evolution of generation capacity mix;
  - carbon and commodity prices; and
  - developments in technology costs and electrification.
- Delivers in-depth market intelligence, including insights into:
  - government policy and regulation;
  - renewable subsidy support schemes; and
  - the EU Emissions Trading Scheme (with pass-through assumptions for the Armenian market).
- Based on highly detailed modelling from our suite of worldwide commodity models, including coverage of the heat and transport sectors.

## Quarterly updates

- Projections updated on a quarterly basis, ensuring all the latest regulatory and market developments are reflected.
- Quarterly projections are accompanied by a Quarterly Update Note, which summarises the major changes and drivers in prices.

Key data for AFRY projections is provided in a usable Excel format annually, with quarterly updates available.

## Half-day workshop

- Provides the opportunity to discuss the market, our modelling and price developments.

## Webinar

- Access to webinars held on a quarterly basis presenting the latest results of our modelling.

## Subscriber support

- Prompt access to our experts who have a wealth of experience and constantly follow market developments.

## Our reports and projections are:

- **Independent.** Our reputation is built on providing an impartial view.
- **Trusted.** The 'AFRY curves' are the definitive benchmark for the power sector.
- **Bankable.** Relied on by the financing community for over 25 years.



## Our Armenian market experts



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# Table of Contents

<b>1. Executive Summary</b>	<b>7</b>
<b>2. Introduction</b>	<b>11</b>
2.1 Introduction	
2.2 Appropriate use of AFRY price projections	
2.3 Report reference date	
2.4 Conventions	
<b>3. Market background</b>	<b>14</b>
3.1 Overview	
3.2 Market structure and players	
3.3 Consumption and generation	
3.4 Transmission and interconnection	
3.5 Distribution and supply	
3.6 Wholesale market and trading	
3.7 Environmental policies	
3.8 Gas market	
<b>4. Modelling scenarios and inputs</b>	<b>40</b>
4.1 Scenario framework	
4.2 Modelling approach	
4.3 Market design assumptions	
4.4 Coal price projections	
4.5 Oil price projections	
4.6 Gas price projections	
4.7 Carbon price projections	
4.8 Pass-through	
4.9 Electricity demand	
4.10 Generation capacity mix	
4.11 Interconnection	
4.12 Technical parameters of generation	
<b>5. Modelling results</b>	<b>60</b>
5.1 Wholesale electricity price projections	
5.2 Peak and Off-Peak wholesale price projections	
5.3 Generation by technology	
5.4 Hourly price distribution	
5.5 Marginal plants	
5.6 Supply curves	
<b>Annex A – Economic assumptions</b>	<b>74</b>
<b>Annex B – Developments in EU legislation &amp; market rules</b>	<b>77</b>
<b>Annex C – Oil price projections</b>	<b>95</b>
<b>Annex D – Gas price projections</b>	<b>100</b>
<b>Annex E – Coal price projections</b>	<b>108</b>
<b>Annex F – Carbon price projections</b>	<b>116</b>
<b>Annex G – Technology costs</b>	<b>128</b>
<b>Annex H – AFRY market models</b>	<b>143</b>
<b>Annex I – Additional AFRY services available</b>	<b>162</b>

*Exemplary - For Reference Only*

# Additional Services

## Transaction support services

*M&A advisory including commercial, market, regulatory and technical due diligence*

## Bespoke scenarios and sensitivities

*Customisation for client-led assumptions e.g. fuel prices, decarbonisation goals,...*

## Climate change modelling

*Bespoke simulations of physical and transitional risk for assets and/or portfolios for 2, 4 and 6 degree pathways*

## Model offerings

*BID3 and Pegasus models and datasets are available for purchase*

## Other AFRY Independent Market Reports available

*Our expansion is client-led: if you're interested in any other market, please contact us for options*

## Capture prices

*Available for all markets and technologies*

## AFRY Analytics Capture

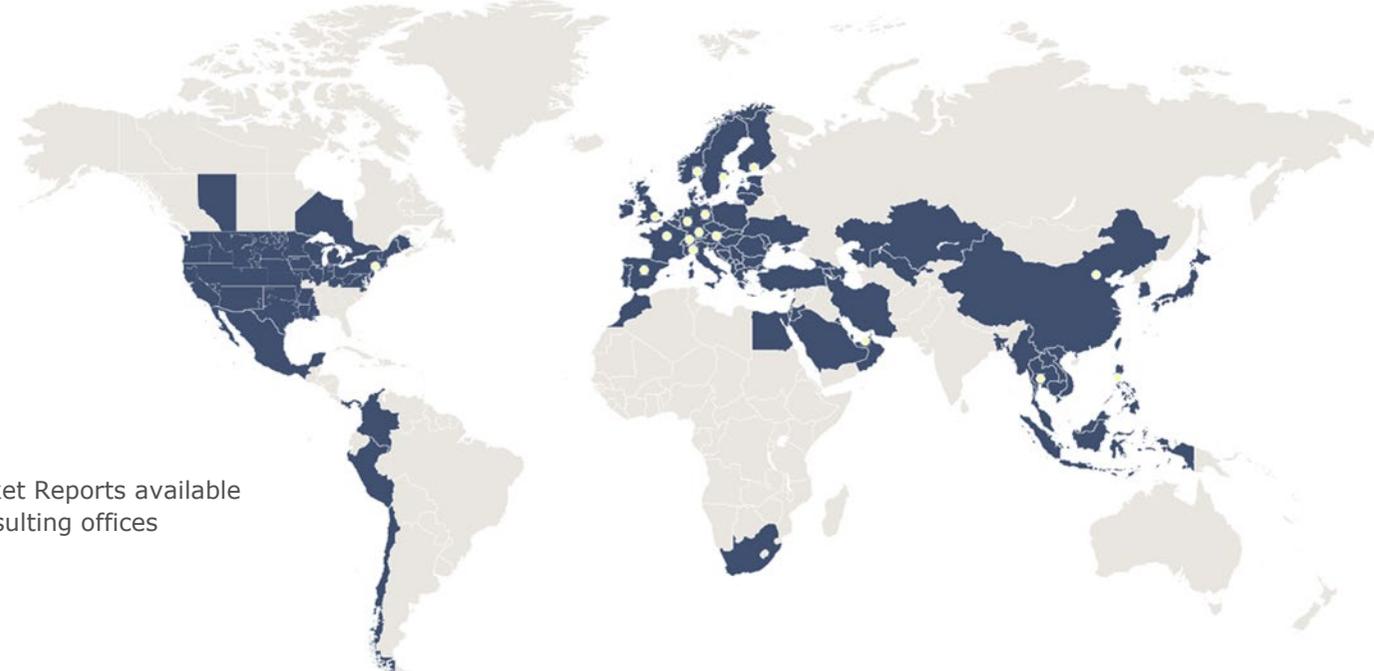
*A cloud-based digital tool to calculate asset-specific capture price projections*

## Imbalance projections

*Projections of the costs of imbalance for wind and solar farms*

## Ancillary service projections

*Reserve product value projections for flexible generation and storage*



■ AFRY Independent Market Reports available

● AFRY Management Consulting offices