

Wholesale Electricity Price Projections for Armenia

The Armenian Government kicked off 2021 with the approval of the new Energy Strategy

The Energy Sector Development Strategic Programme replaces the previous energy policy and presents the strategic path of the country's energy transition until 2040. As such, the government sets the priorities to increase the share of renewable energy sources, extend Armenia's nuclear power plant's lifetime beyond 2026, and eventually replace it with the new nuclear plant, expanding Armenia's interconnections to Georgia and Iran through the construction of a North-South Road Corridor, and ultimately liberalise the power market.

For now, although direct sale-purchase contracts between generators and the distribution company (single-buyer) do exist, supply to end-customers are fully regulated. However, Armenia envisages the gradual liberalisation of the electricity market with bylaws underway in the coming years. The gradual transition to a competitive market model is to start over the course of 2022.

Nuclear power is the backbone of the domestic power generation mix with a 26% share of total generation in 2021. Gas-fuelled thermal power plants and hydroelectric units (mainly run-of-river) account for around 44% and 29%, respectively. Solar PV and wind capacities are limited at the moment and contributed only 1%. Power demand in Armenia amounts to around 6.4TWh.

The 2021 Energy Strategy envisages 1.0GW of solar PV installed capacity by 2030, as it is expected to become the major source of renewable energy. In early 2022, the UAE company Masdar announced that it will build the 200MW solar PV plant in Armenia, creating a basis for the long-term cooperation in the renewables sector. Onshore wind is also to be developed, but at a slower pace. Increasing the renewable energy sources in the country will become more and more important in the near future in order to decrease the strong reliance on imported gas and domestic nuclear energy.



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 the carbon 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.



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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

