

Wholesale Electricity Price Projections for India

The Indian power market represents half of the European Union's electricity consumption and its sheer size warrants a detailed investigation, aptly accomplished in our latest AIMR.

India, in the last 10 years, saw a 10x increase in solar and a 3x increase in wind capacity installations. The medium-term target of 500 GW of non-fossil power capacity addition by 2030 has been announced. In addition, annual Renewable Purchase Obligations of 21.00% for FY 2021-22 (10.50% each from solar and non-solar sources) have been specified. Staying true to its COP26 announcement, the Government of India has shelved off much of its new coal capacity. Against this backdrop, the policymakers are introducing a trial of market-based economic dispatch and a national merit order of power plants to incentivise more dispatch of renewables in the country's energy-only market. In addition, the country has announced reforms of its ancillary market, introducing competition from all power plants. The other interesting development is in the form of encouragement for

short term trades of electricity. India's power sector is characterised by multiple buyers and sellers of electricity who transact electricity, either as per long-term or medium-term power purchase agreements (PPAs) signed between them or short-term contracts through the power exchanges, and the share of transactions in the exchanges is rising every year.

Therefore, in our latest Indian electricity market report, we explore:

- Various policies, guidelines and regulations that have been notified by central and state government agencies in order to promote the growth of renewables in India along with trends in the Indian power exchange markets.
- Three modelling scenarios that, based on our experience, reflect the most important drivers of India's energy transition.
- Annual average wholesale prices (in real terms) in the near, medium to long term, along with capture prices of solar and wind generation.

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Our Offering

AFRY Independent Market Report

- Presents our annual projections for wholesale electricity prices out to 2040 for our three internally consistent scenarios (High, Central and Low).
- 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 Renewable Purchase Obligations (RPO).
- Based on highly detailed modelling from our suite of worldwide commodity models.

Bespoke updates

- Projections updated bespoke, ensuring all the latest regulatory and market developments are reflected.
- Updated projections are accompanied by an 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 adequate 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.

Invitation to our Power Market Conference

- Hear the latest developments in our modelling, insights into new topics and areas of research every year.

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 India market experts



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

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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

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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

