

# Wholesale Power Price Projections for the NEM in Australia

**The Green Advantage – with its favourable natural conditions, abundant renewable energy resources (wind and sun) and extensive land areas, Australia is perfectly positioned for the green energy transition.**

In 2022, Australia raised the bar by pledging to cut carbon emissions by 43% below 2005 levels by 2030, and to net-zero by 2050. The net-zero target has unleashed a wave of enthusiasm for the energy transition – Australia will now increase the speed of installation of renewable capacity, along with the required upgrades to the grid infrastructure.

The net-zero pledge is strongly supported by the October 2022 federal budget with commitments to renewable energy projects and signals the willingness and excitement of federal to state governments, industry, investors and developers alike in driving towards net-zero fast.

In our AFRY Independent Market Report for the National Electricity Market (NEM) in Australia, we show insights in the following areas:

- how the NEM's generation mix will transition from Coal to Green while maintaining a secure, stable and reliable energy grid;
- the ways in which the NEM regions' power grids will need to evolve to maximise the benefits of the energy transition strategy;
- the trends and opportunities in integrating growing solutions such as the hydrogen economy and EV mobility in creating a viable, optimal and holistic long-term energy system; and
- the evolution of the Regional Reference Price (RRP) in each NEM region in view of upcoming closures of coal power plants, increasing variable renewable energy generation, and significant deployment of energy storage capacities.



# Our Offering

## AFRY Independent Market Report<sup>1</sup>

- Presents our annual projections for wholesale electricity prices out to 2050 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;
  - commodity prices;
  - interconnection constraints;
  - developments in technology costs and electrification; and
  - regulatory and policy development.
- Delivers in-depth market intelligence, including insights into:
  - government policy and regulation; and
  - renewable subsidy support schemes.
- The deliverable includes the report itself and an Excel data file containing the main modelling inputs and outputs.

## Client support

- A virtual question and answer session is provided to address, on a person-to-person basis, any remaining questions in the report.

## Updates

- Projections can be updated on an as-needed basis ensuring all the latest regulatory and market developments are reflected.

## 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 Australia market experts



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<sup>1</sup> The Australia AFRY Independent Market Report currently includes all NEM states (NSW, VIC, QLD, SA, ACT and TAS).

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# Additional Services

## Bespoke scenarios

*Define specific sensitivities or scenarios*

- Customisation for bespoke assumptions, e.g., fuel prices or decarbonisation goals.
- Sensitivities to examine impact on power price of changing gas or carbon prices.

## Transaction support services

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

- Buy and sell-side support for the investment in, or disposal of, generation assets.
- Lenders' Market Advisor services to support debt financings.

## Other AFRY Independent Market Reports available

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

## BID3, Pegasus, and BID3live

*Models and datasets available for purchase*

- For clients needing full flexibility to do own model runs.

## Capture prices

*Available for all markets and technologies*

- Available for any technology, in any major region in focus country.
- Based on individual/historical, or 'synthetic' weather-years.
- For specific assets or for a portfolio of assets.

