

# Energy forecasting

What does the future look like?



*The UK energy market is transforming rapidly, creating both risk and opportunity for energy companies, investors and policy makers.*

Accurate analysis of the power system can not only help shape policy decisions but help improve financial performance and reduce risks.



**@LCPEnergy**



**LCP Energy**

## *How can you address these risks?*

LCP's in-house power market model, EnVision, enables decision makers to assess key sensitivities and market drivers under different scenarios and, uniquely, to evaluate the full range of possible outcomes and the likelihood of these occurring.

LCP EnVision enables analysis across a range of different metrics and in different forecasting modes. Using both deterministic and stochastic projections of the financial performance of individual power plants, it calculates how a unit's performance affects both portfolio and market dynamics.

### *LCP EnVision has...*

**10<sub>GW</sub>** Provided investment/transaction support for over 10gw of power assets



Modelled consumer benefits totalling over

**£12<sub>bn</sub>**

## What can EnVision do?



### Intelligent forecasting

Accurately models investor behaviour and anticipates how the future generation mix evolves over time.



### Detailed analysis

Models individual power plants and outputs detailed analysis, including individual rates of return, cashflows and profitability. Policy reforms can be assessed for all technologies at individual plant, portfolio and market levels.

## LCP EnVision has...

Supported industry change across

**11**

significant policy/  
regulatory areas



Deliver market analytics that  
underpin Government energy  
schemes worth over

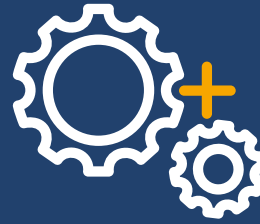
**£2** per annum  
*bn*

## *What can EnVision do?*



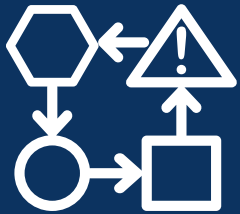
### **Future proofed solutions**

The modular system allows quick and easy adaptation for future market developments.



### **Flexibility**

Highly configurable and all assumptions can be easily adjusted to ensure consistency with any in-house views you may have.



### **Transparency and auditability**

All outputs are traceable and clear. This allows users to see the logic between the inputs and the outputs.

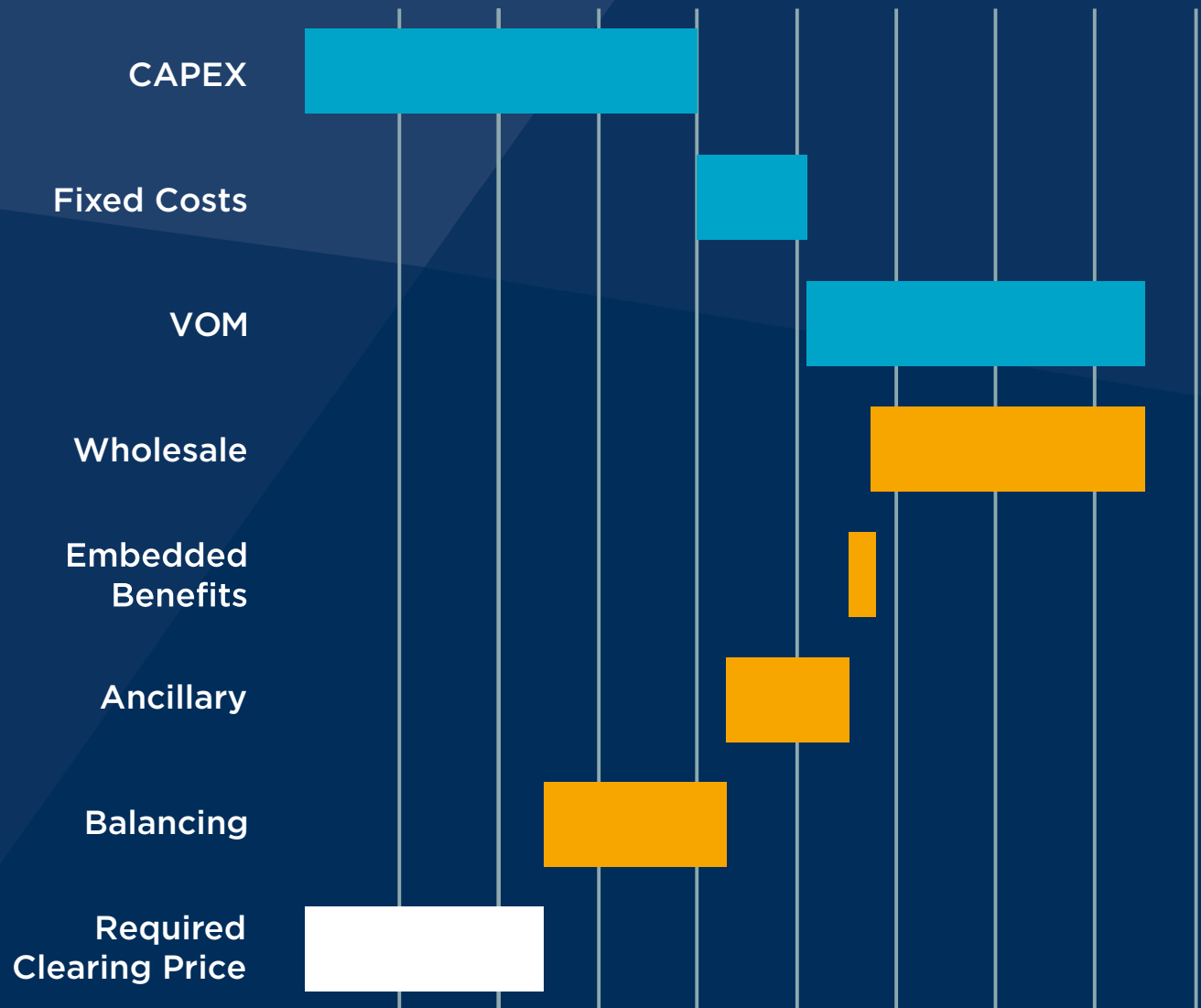


### **Speed**

Delivers results quickly, allowing more scenarios to be simulated and more questions to be answered.

## *EnVision provides a 360° view*

EnVision provides stochastic cash flow projections across multiple markets. This allows decision makers to produce financial assessments of planned and existing investments and to drill into the key value and risk drivers.



## *Forecasts we provide*

- Wholesale market forecast
- Balancing market forecast
- Ancillary services forecast
- Capacity Market forecast and detailed analysis of the next auction
- Network charging
- Plant strategy
- Retail levy forecast
- Contracts for Difference auction forecasts and bidding strategy
- Bespoke modelling solutions.

All outputs provided are based on stochastic analysis (50+ simulations), capturing a full range of intermittency & demand profiles, and plant outages, allowing clients to explore a range of outcomes and tail events.

## *How we help our clients*

### **LCP is trusted by:**

- BEIS to assess the system and consumer impacts of energy policy changes, including modelling Interconnector flows between the GB and Irish markets.
- National Grid to model system security and help produce its annual recommendations for the capacity auction requirements.
- Ofgem to assess changes to network charging arrangements.
- The Low Carbon Contracts Company (LCCC) to set the costs to suppliers of the Contracts for Difference (CfD) scheme.
- Industry to forecast future market scenarios, costs and revenues (up to 40 years).

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Our clients use LCP EnVision because it models individual investor behaviour using a fundamentals-driven approach that is sensitive to policy/regulatory changes and economic assumptions, allowing it to model cannibalisation, opportunity costs and value-driven decision making.

## Contact LCP

To find out more about LCP's forecasting services contact one of our experts or visit [www.lcp.uk.com/energy-analytics](http://www.lcp.uk.com/energy-analytics)



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*At LCP, our experts provide clear, concise advice focused on your needs. We use innovative technology to give you real time insight & control. Our experts work in pensions, investment, insurance, energy and employee benefits.*

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