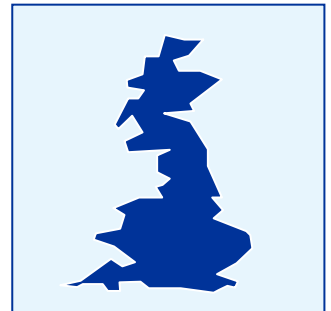


PROJECTIONS OF THE PRICE FOR WHOLESALE ELECTRICITY IN GREAT BRITAIN

March 2007 Edition



Pöyry Energy Consulting, established experts in the European energy markets, announce publication of the March 2007 Edition of the ILEX Energy Report for the wholesale electricity market in Great Britain.

The report describes the GB wholesale electricity market in detail and provides **long term projections for the price of electricity**. This edition investigates key issues including the future for gas prices given their recent low levels, the impact of the Large Combustion Plant Directive, the EU Emissions Trading Scheme, prospects for coal, and whether, after the recent fall in the forward curve, we can still expect a renaissance in nuclear power.

The report looks at four underlying scenarios:

- a **high** scenario where high demand is coupled with high fuel and carbon prices and a partial shift from gas to coal;
- a **central** scenario based on central assumptions for fuel prices and demand growth, and our central case for new entry;
- a **central de-linked** scenario which explores the

consequences if significant gas-to-gas competition emerges in Europe; and

- a **low** scenario where low demand growth, low fuel prices, nuclear replacements and high renewables growth combine to produce a highly competitive market

The report contains a rich examination of the **history of the electricity market** in Great Britain, and how its current structure and activity will affect future prices.

The report identifies the various players in the market, and tracks the history of market prices and of traded volumes.

The report describes how we **simulate wholesale prices** in the market – including changes in our modelling since our last report in September 2006 – and how we project the fundamental drivers of price in order to

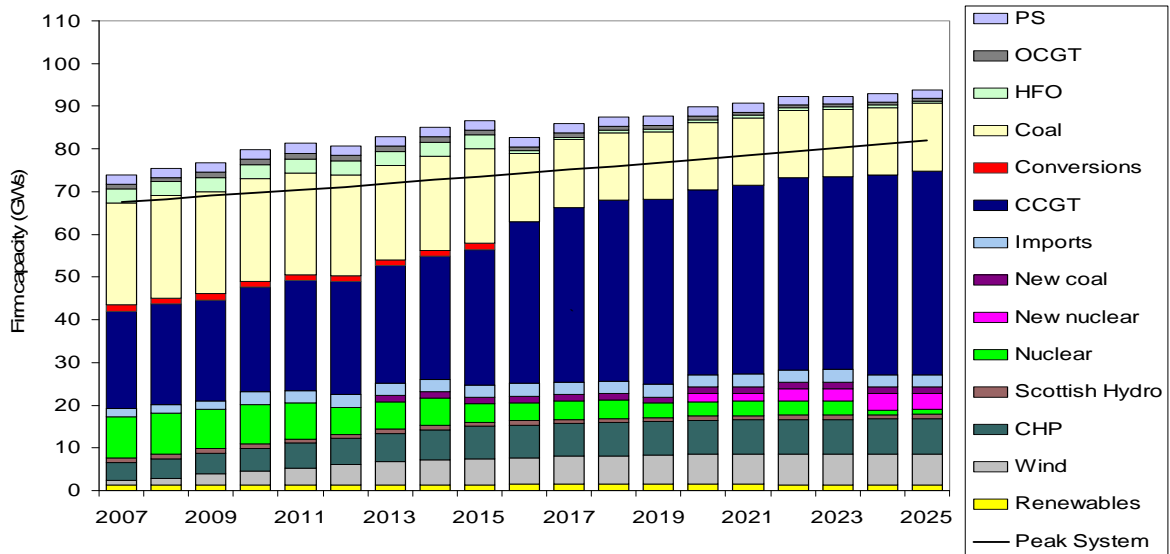
develop our scenarios for future electricity prices.

Our fuel price assumptions are explained and we provide detailed projections for coal, oil and gas prices. Our plant availabilities given, capacity growth in CHP, renewables and thermal plant reviewed and demand projections presented. All assumptions are fully justified.

All of our main scenarios assume that generators incur, and pass through to customers, a **carbon cost** determined by the EU ETS. We comment on what each of these scenarios means for the **profile of prices through the year**. We also present the spark spread projections that result from our wholesale electricity and gas price projections.

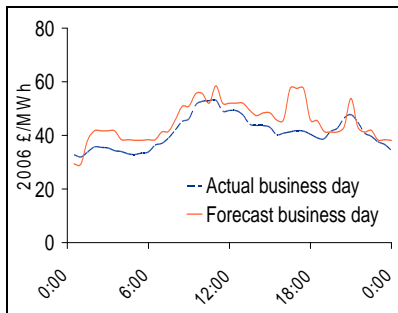
We comment on changes to our results, from previous editions; and we also track how our past projections have performed against outturn prices in the market.

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The figure above charts the breakdown of GB's firm capacity for the central scenario, with the impact of the LCPD on coal plant clearly apparent after 2015.

The performance of past projections has been very encouraging for both monthly and within day profiles. The graph below shows typical daily profiles (in this case, for business days in April), and compares actual UKPX prices against our projections at the start of the year.



As a complementary product, Pöyry can provide complete **arrays of projected half-hourly prices** on a monthly or sample business/non-business day format, out to 2025.

We also offer customisation options such as **plant specific load factors, price duration curves and merit orders.**

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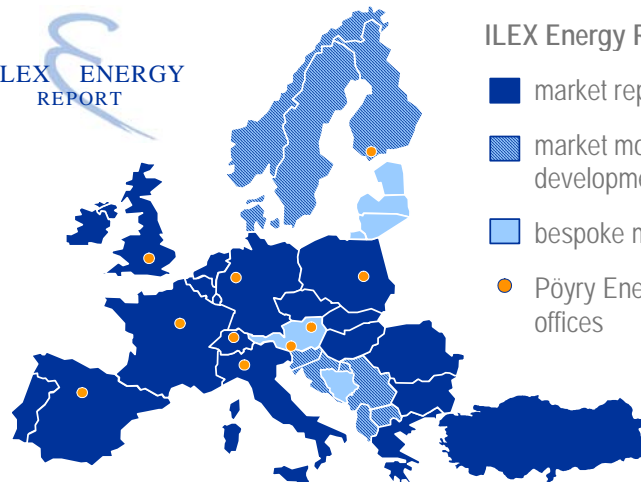
ILEX Energy Reports

Pöyry Energy Consulting produces ILEX Energy Reports for electricity, gas, carbon and green certificate markets across Europe.

Pöyry Energy Consulting is Europe's leading energy consultancy, providing strategic, commercial, regulatory and policy advice to the energy market.

Our team of over 170 European energy specialists, located across eleven offices and ten countries, offers unparalleled expertise in the rapidly changing energy sector.

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