

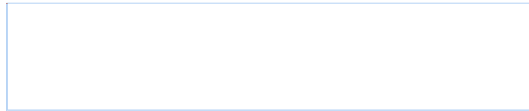
# Cambridge Energy Forum

## Thoughts on Energy Financing

Tony White

October 19<sup>th</sup>, 2006





# Financial appraisals the old way

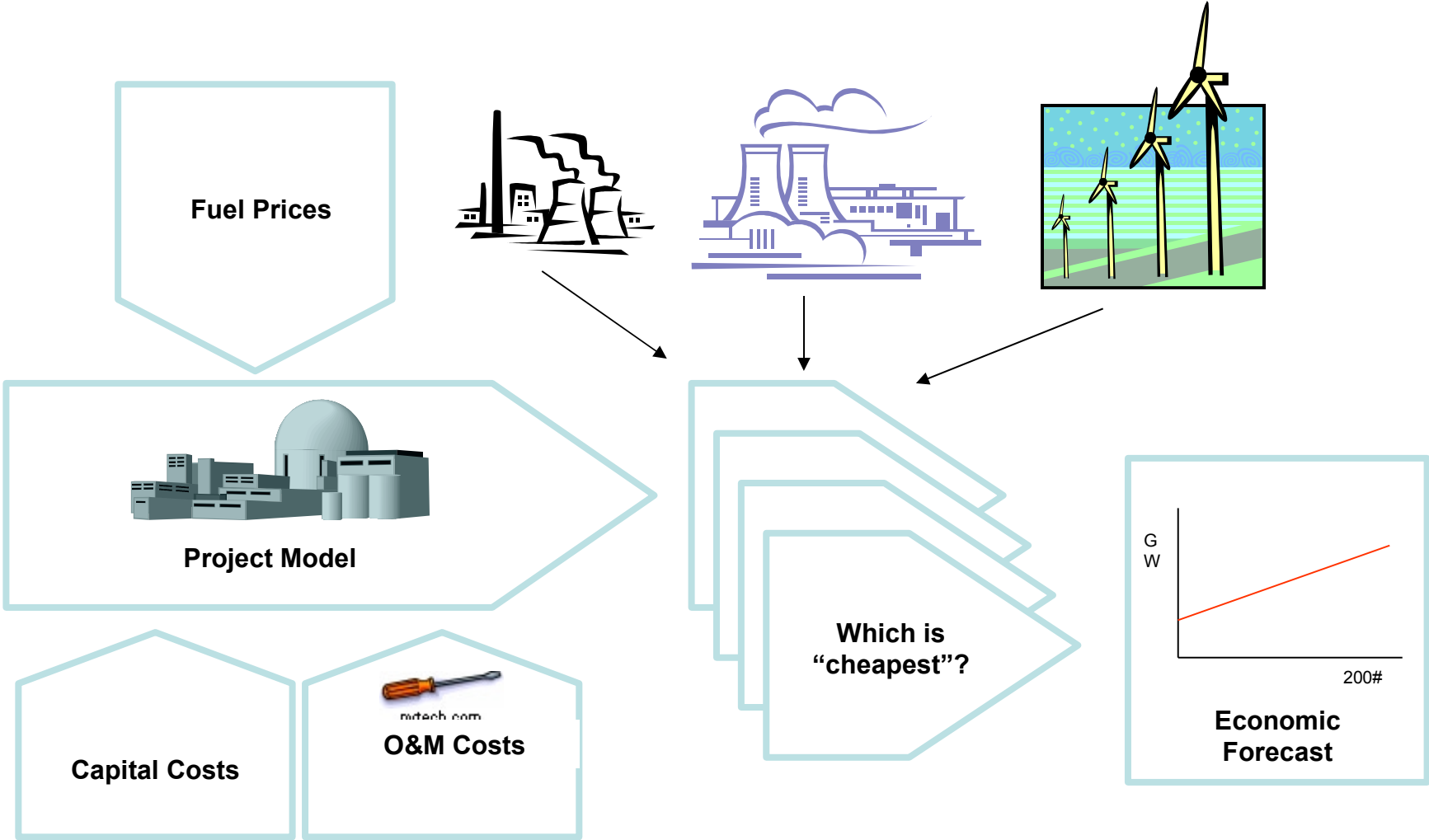
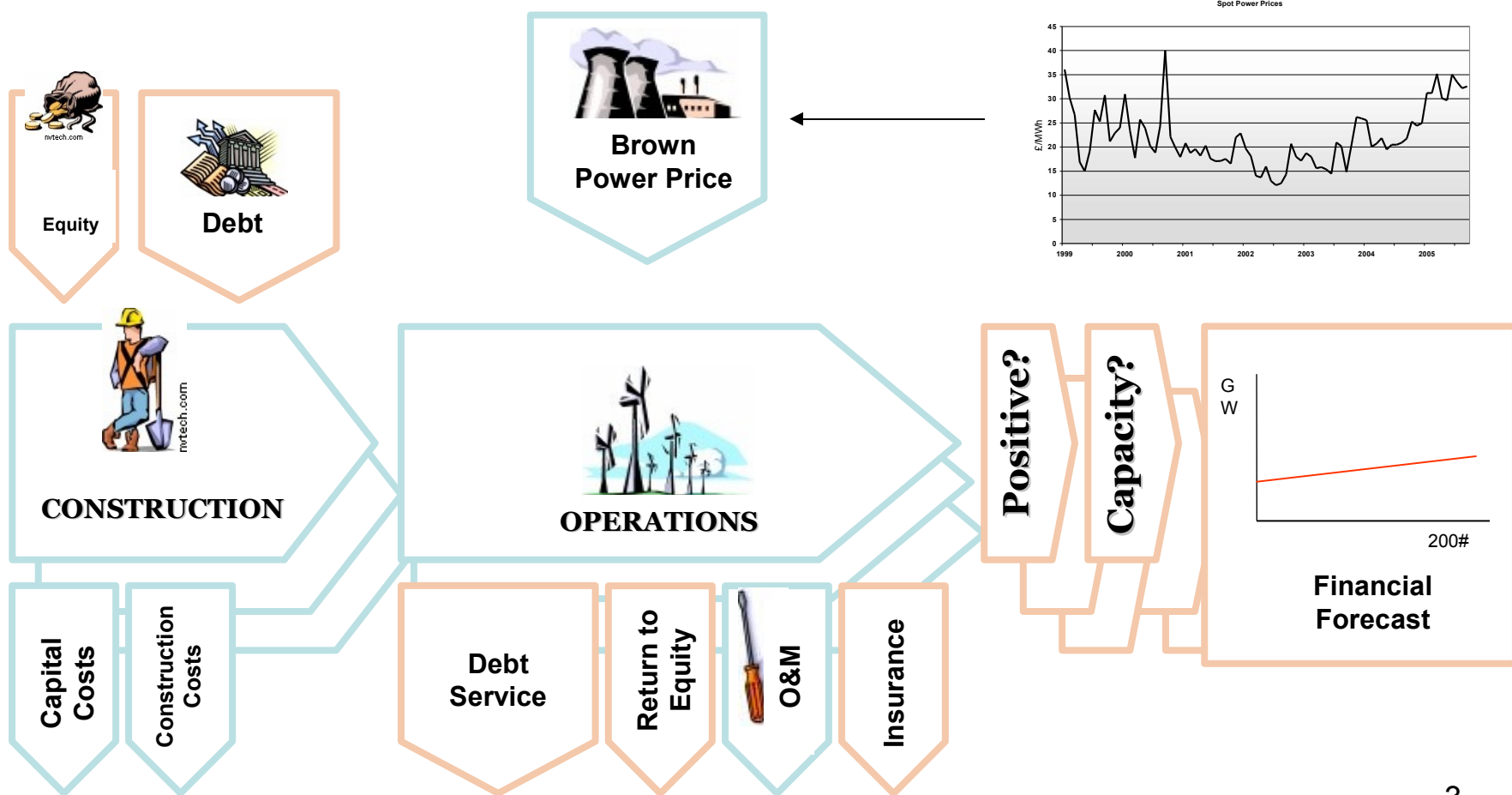


Figure 1

# Financial Analysis – the new way



# Power Prices

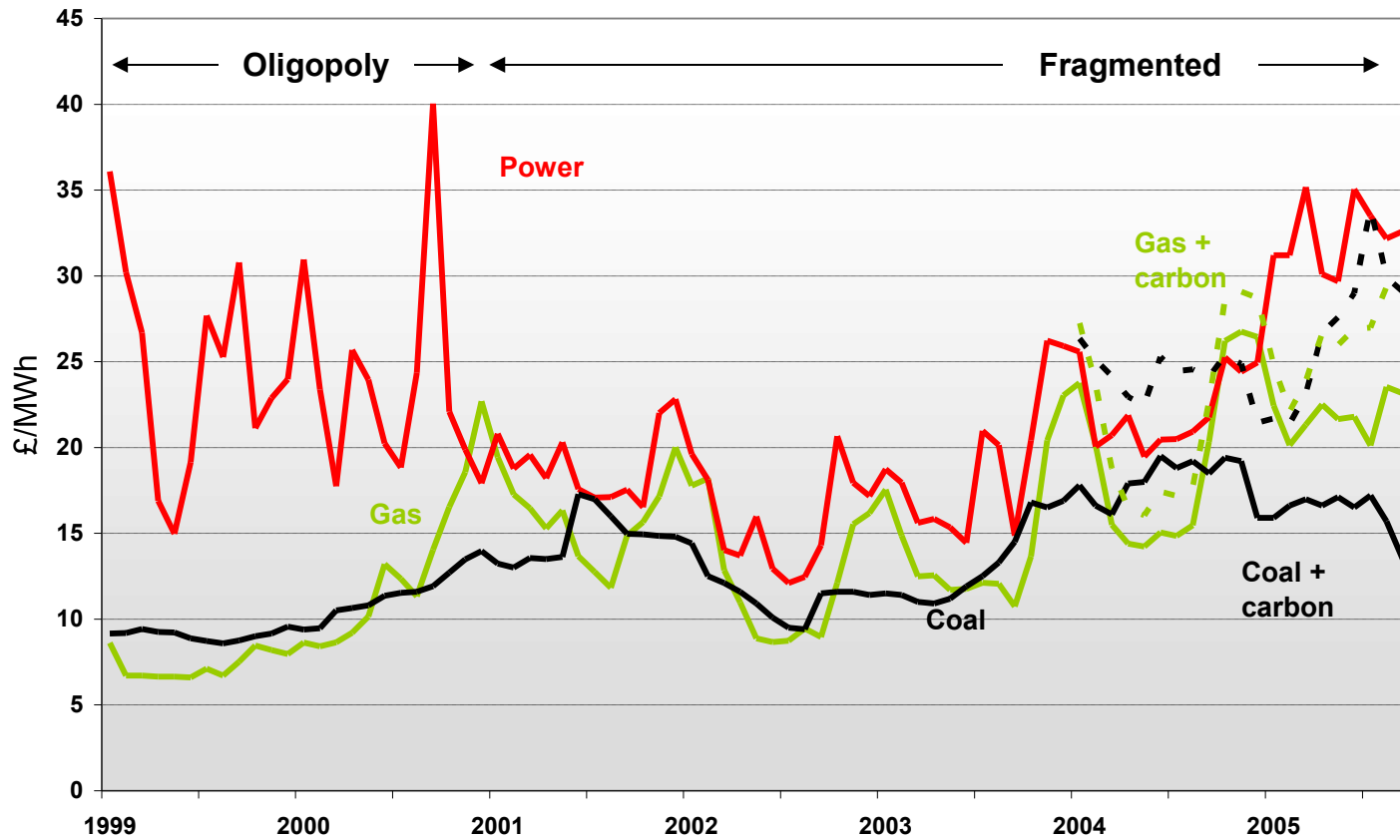


Figure 4

# Financial appraisals – good?

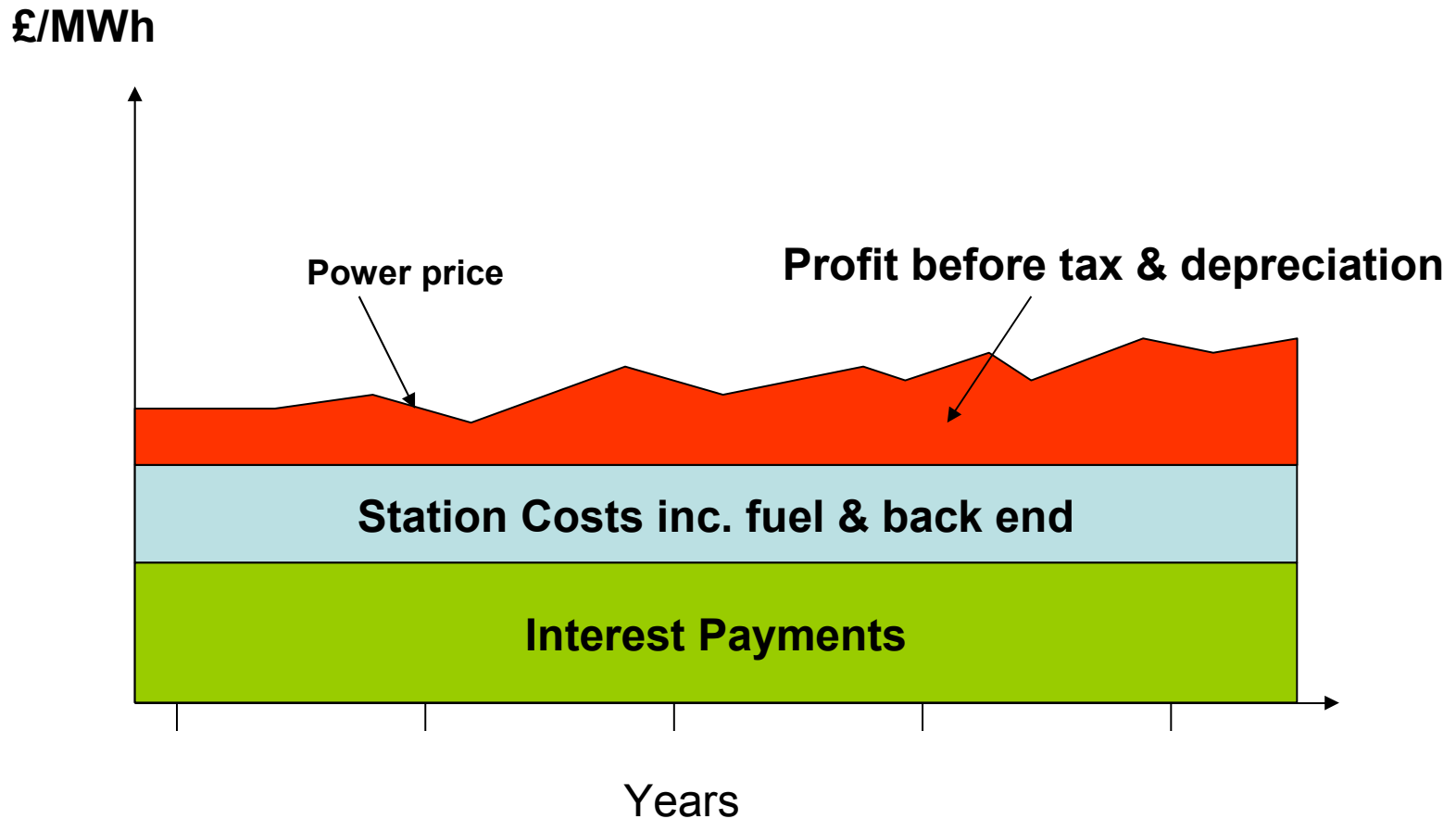


Fig 7

# Financial appraisals – bad!

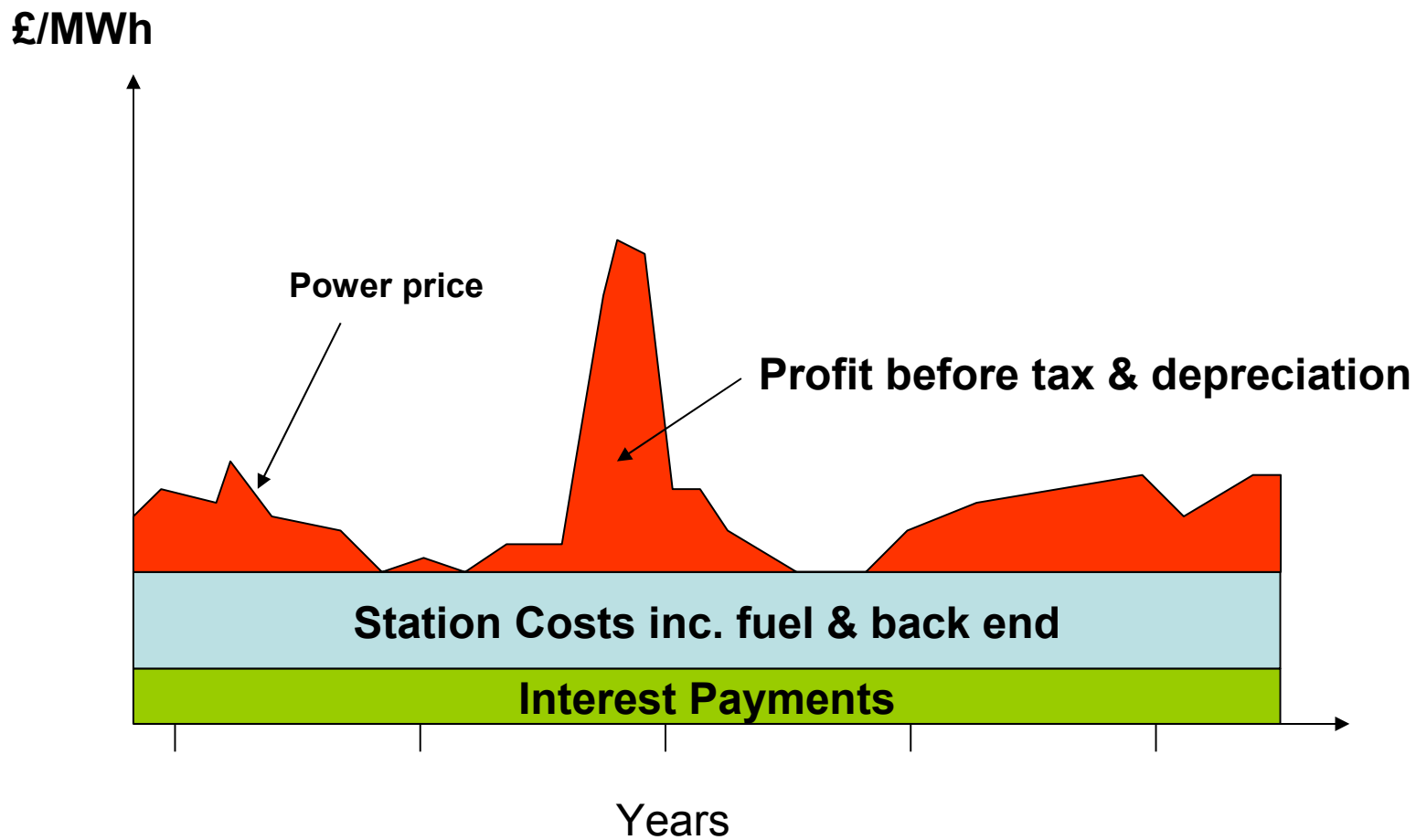
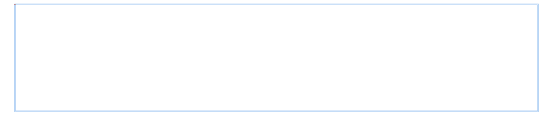


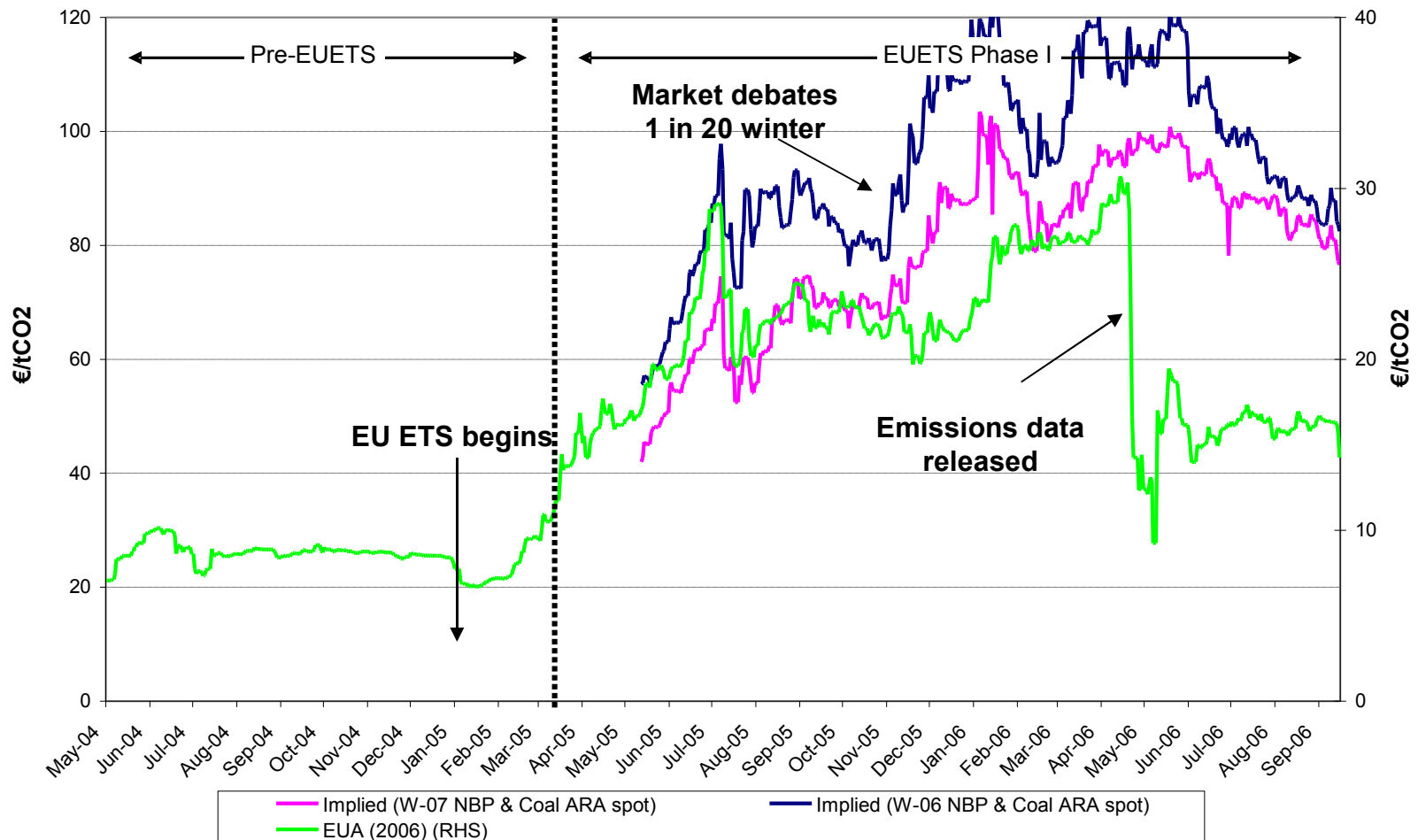
Fig 6



# Carbon Pricing

Another variable?

# The European scheme so far...



## Effects so far...



- Higher prices
- Windfall profits for utilities
- Little change in operation
- No change in investment behaviour
- Large investment in the developing world

# Why?



- Prices not high enough?
- Grandfathering – no need to buy until 2007
- Low gas prices?
- Arrival of International Transaction Log
- No visibility post 2012
- Prudent financial forecasts
- Oversupply????

## ...but if we need investment?

- Longer price visibility
- US to come to party
- Less conservative financial forecasts
- Additional measures?

# Contacts



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