

LCP EnVision

SEPTEMBER 2011

LCP EnVision delivers quick and accurate analysis of investment opportunities and policy decisions, their financial performance and risks.

The GB power market is transforming rapidly, creating both risks and opportunities for energy companies, investors and policy makers.

LCP EnVision enables decision makers to assess both the sensitivities of investment to different scenarios and, uniquely, to evaluate the full range of possible outcomes and their likelihood.

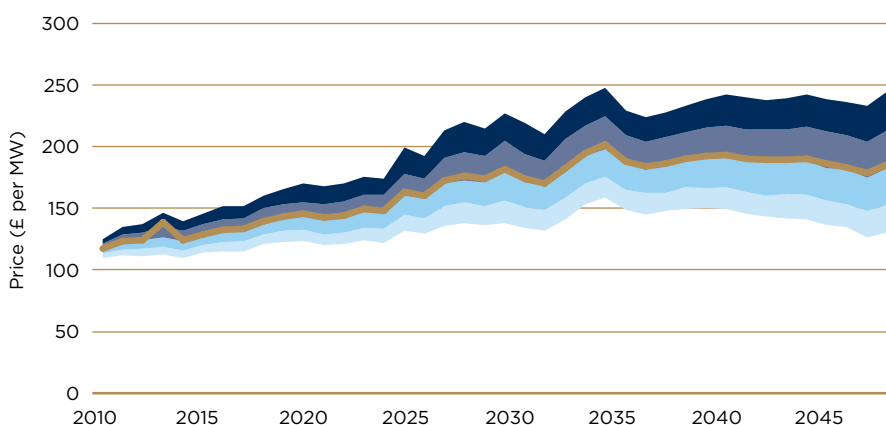
LCP EnVision enables analysis across a range of different metrics and in different forecasting modes. LCP EnVision delivers both deterministic and stochastic projections of the financial performance of individual power plants and calculates how this performance affects both portfolio and market dynamics.

Stochastic projections

Stochastic projections allow decision makers to identify a best estimate of the future and also to understand the range of possible outcomes.

This enables decision makers to quantify risk and value.

Stochastic wholesale price projection



James Steel

Senior Economist

Department of Energy
and Climate Change

I have been impressed with LCP's rigorous approach to defining and agreeing with us the project requirements; their technical expertise; project management; and commitment to deliver.

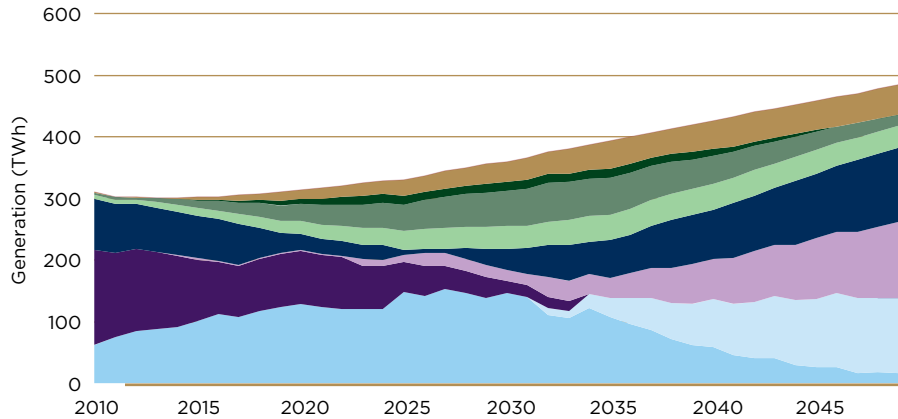
In stochastic mode LCP EnVision develops the full range of possible outcomes, quantifies their likelihood and offers the ability to value the uncertainty for wholesale prices, IRRs, cash flows, carbon emissions, security of supply and plant life expectancy.

Deterministic projections

Deterministic mode allows users to simulate specific investment and policy scenarios to assess their impact. This is particularly powerful when comparing the impact of changing these scenarios.

Deterministic projections can be compared to assess the sensitivity of results to key assumptions and to conduct traditional scenario analysis. In deterministic mode LCP EnVision offers real-time simulations and immediate results giving impact assessments of generation mix, portfolio profitability, sensitivity analysis and cash flows.

Generation mix projections



LCP EnVision has been developed to answer a wide range of questions for policy makers, asset owners and investors in transmission and generation:

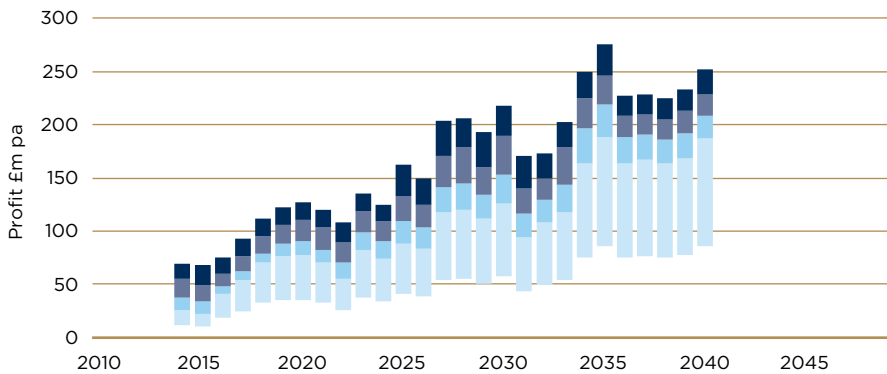
- How will policy changes impact the cashflows of a portfolio of generating plant?
- How will uncertainty in commodity prices impact mid to long-term profitability?
- How will movements in fuel prices impact the long-term generation mix?
- How will the carbon price floor impact long-term wholesale prices?
- When is an existing plant likely to become unprofitable?
- How would major investment in new nuclear impact overall profitability?
- How will carbon price volatility affect future generation mix?
- What will be the cashflow of renewable generation investment?
- How will incentives for renewable generation affect profitability?

LCP EnVision delivers:

Intelligent forecasting: Unlike other market models LCP EnVision accurately models investor behaviour and anticipates how the future generation mix evolves over time.

Detailed analysis: LCP EnVision 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.

Stochastic cashflows for an individual plant or for an entire portfolio



LCP EnVision provides stochastic cash flow projections. Decision makers can drill down for all technologies, portfolios to individual plant to develop financial assessments of planned and existing investments.

Future proofed solutions: LCP EnVision is modular which allows quick and easy adaptation for future market developments.

Flexibility: LCP EnVision is 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 from LCP EnVision are traceable and clear. This allows users to see the logic between the inputs and the outputs.

Speed: LCP EnVision delivers results quickly. Questions can be investigated in real-time and stochastic runs of thousands of simulations can be completed in minutes.

Duncan Rimmer
**Demand & Generation
Forecasting Manager**
National Grid

...LCP demonstrated an impressive knowledge of how statistical methods could be used to take account of increased levels of volatility in the gas market...

Energy, Utilities and Regulated Industries at LCP

LCP has an excellent reputation for delivering analytic services to regulated markets and their participants. We deliver these services via our sector-focussed, dedicated teams of specialists, one of which is Energy, Utilities and Regulated Industries (EURI).

Our EURI team is formed of senior industry experts, mathematicians, economists, engineers and financial analysts. We work collaboratively with you to provide innovative and bespoke analytic solutions to the complex challenges you face. We provide pragmatic advice and robust analysis and modelling which allows you to take decisions with confidence. We include in our client base BG, CEER, Central Markets Agency, CER/NIAUR, DECC, EDF Energy, ENW, ESB, International Power, National Grid, Ofgem, Pennon, Rio Tinto, Scottish Power, Statoil and Thames Water.

Contact us

If you would like to discuss any area of LCP EnVision or other EURI services please contact Ian Smyth or Haley Hutson using the details below.



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