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Energy Brainpool published white paper on valuation of electricity market revenues of fluctuating generation

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Energy Brainpool, the independent market specialist for the energy sector from Berlin, published a white paper with the title *"valuation of electricity market revenues of fluctuating renewable energy sources"*. Therein the analysts illustrate the specially developed parameter of the sales revenue.

The sales revenue describes the revenue, a technology (solar or wind) can receive at the electricity market without additional payment. The underlying sales values and sales volumes take into account that plants are switched off in times of negative prices to avoid losses. A short example calculation completes the white paper.

Various price indices are available for assessing electricity market revenues: baseload, peakload, market value as well as the by Energy Brainpool developed sales value.
However, not all price indices are equally suitable to evaluate the revenue of fluctuating renewable energies in times without additional payments through e.g. renewable energy act (EEG). Baseload and peakload indicate the potential revenue of fluctuating renewable energies not sufficient as they are weather-dependent and do not feed in continuously throughout the entire assessment period. Due to increasing hours with negative prices using the market value in the assessment of revenue will lead to greater uncertainty.

With the new parameter operators of solar plants or wind turbines can profoundly estimate, what realistic revenues are possible operating the plant without subventions. This is relevant for all German operators whose subventions through renewable energy act (EEG) ends after 20 years. Also, for the valuation of new projects in Europe the parameter gains in importance. "Especially for investors the sales revenue is a significant valuation instrument" says Carlos Perez Linkenheil, Expert and project leader at Energy Brainpool. "In times when valuation of potentials and revenues at the electricity markets becomes more important due to tendering processes, it pays off for the investor to estimate the revenue comprehensively: during periods with subsidies and beyond." The life cycle of a solar plant or wind turbine can last up to 30 years.

For a realistic valuation of revenue potentials in times without additional payments, like e.g. subventions through renewable energy act (EEG), the analysts suggest consulting the sales value in combination with the sales volume of a plant. This parameter mirrors in the sales revenue. It takes into account that fluctuating renewable energy sources do not feed in continuously as they are weather-dependent and operators switch them off in times of negative prices.

Download white paper free of charge here:
http://www.energybrainpool.com/services/white-paper.html

ABOUT ENERGY BRAINPOOL

Energy Brainpool GmbH & Co. KG offers independent energy market expertise with focus on market design, price development and trade in Germany and Europe. In 2003 Tobias Federico founded the company with one of the first spot price forecasts on the market. Today the offer includes fundamental modelling of electricity prices with the software Power2Sim as well as various analysis, prognosis and scientific studies. Energy Brainpool consults in strategic and operational questions and offers expert workshops and trainings since 2008. The company combines knowledge and competence around business models, digitalization, trade, and procurement, risk management with years of practical experience in the field of controllable and fluctuating energy.

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