

The Green Investment Challenge

BEAMA

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COSTS

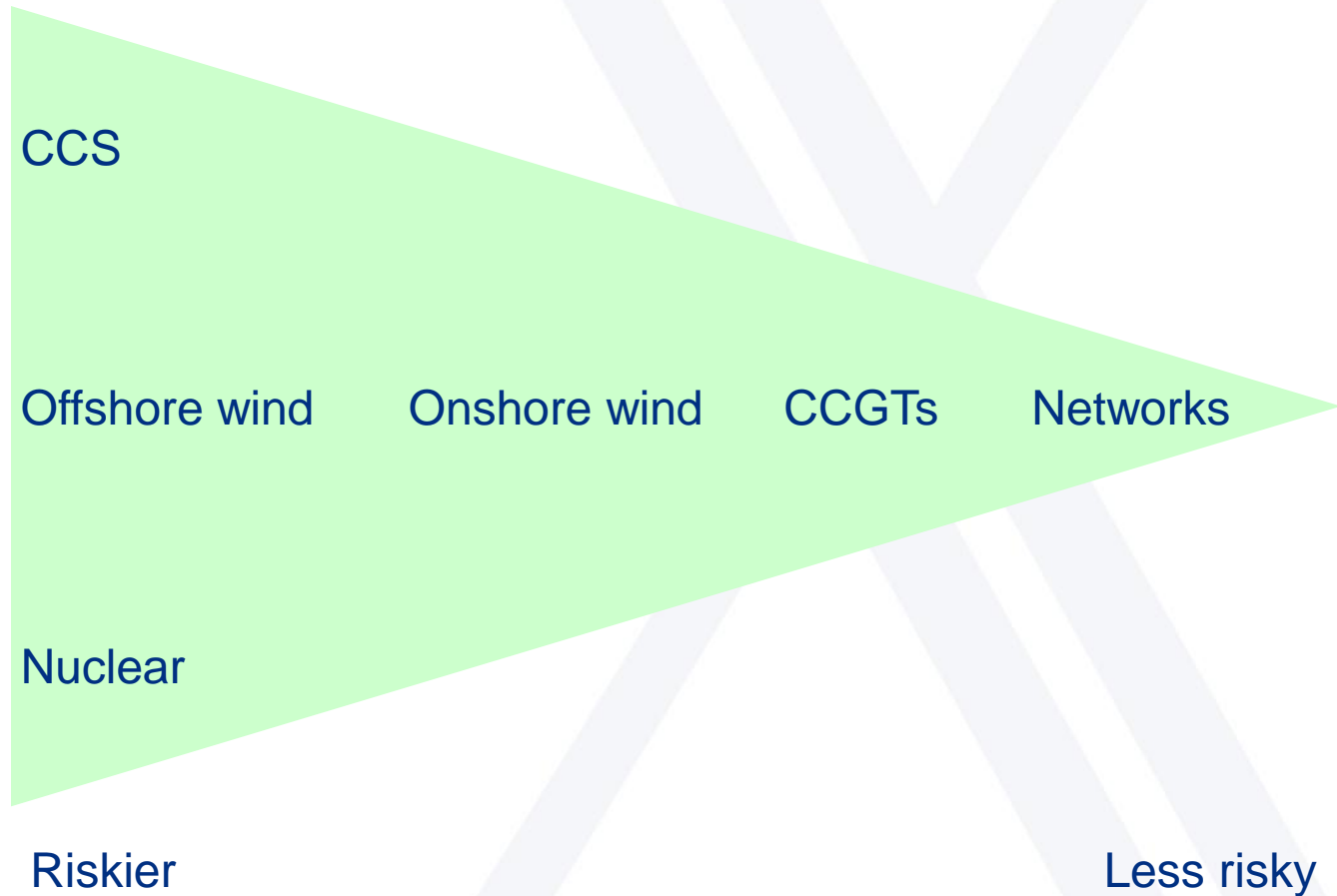
Item	Ofgem low	Ofgem high	E&Y
Nuclear	3.2	12.8	36.6
Renewables	30.3	71.3	84.9
CCS	Nil	15.8	9.3
CCGT	17.1	4.4	7.2
Transmission/Distribution	47.5	54.4	26.6
Energy efficiency/CERT	8.0	16.0	15.8
Renewable heat	9.5	52.8	Nil
LNG terminals	0.7	0.7	0.6
Gas storage	1.0	0.6	0.6
SCR	1.2	1.2	Nil
Smart metering	10.0	10.0	9.3
TOTAL	127.9	240.4	199.0

NB: These costs exclude the green deal, new tech and upstream, etc

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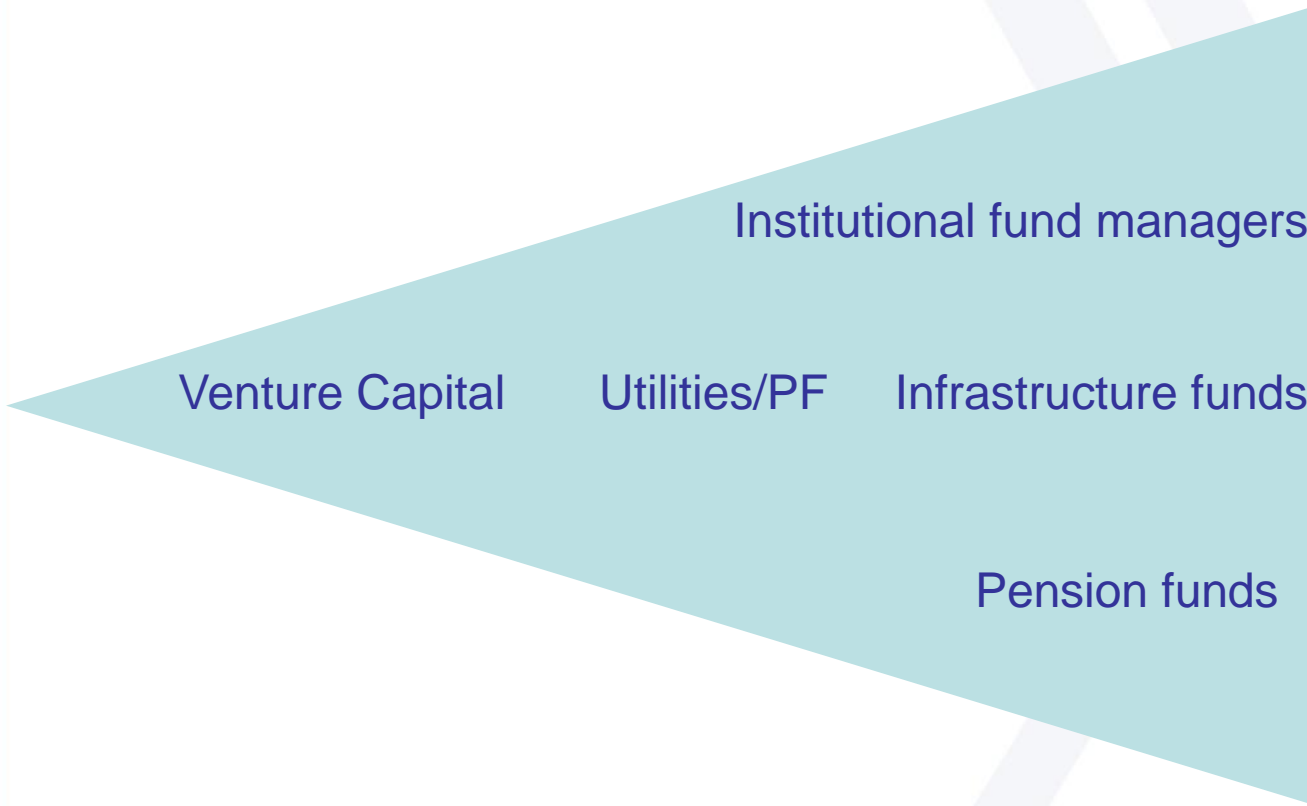
RISK PERSPECTIVES ON THE NEW BUILD

- Supply chain
- Construction
- Technology
- Pricing/off-take
- Cost
- Sustainability



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TRADITIONAL FUNDING SOURCES



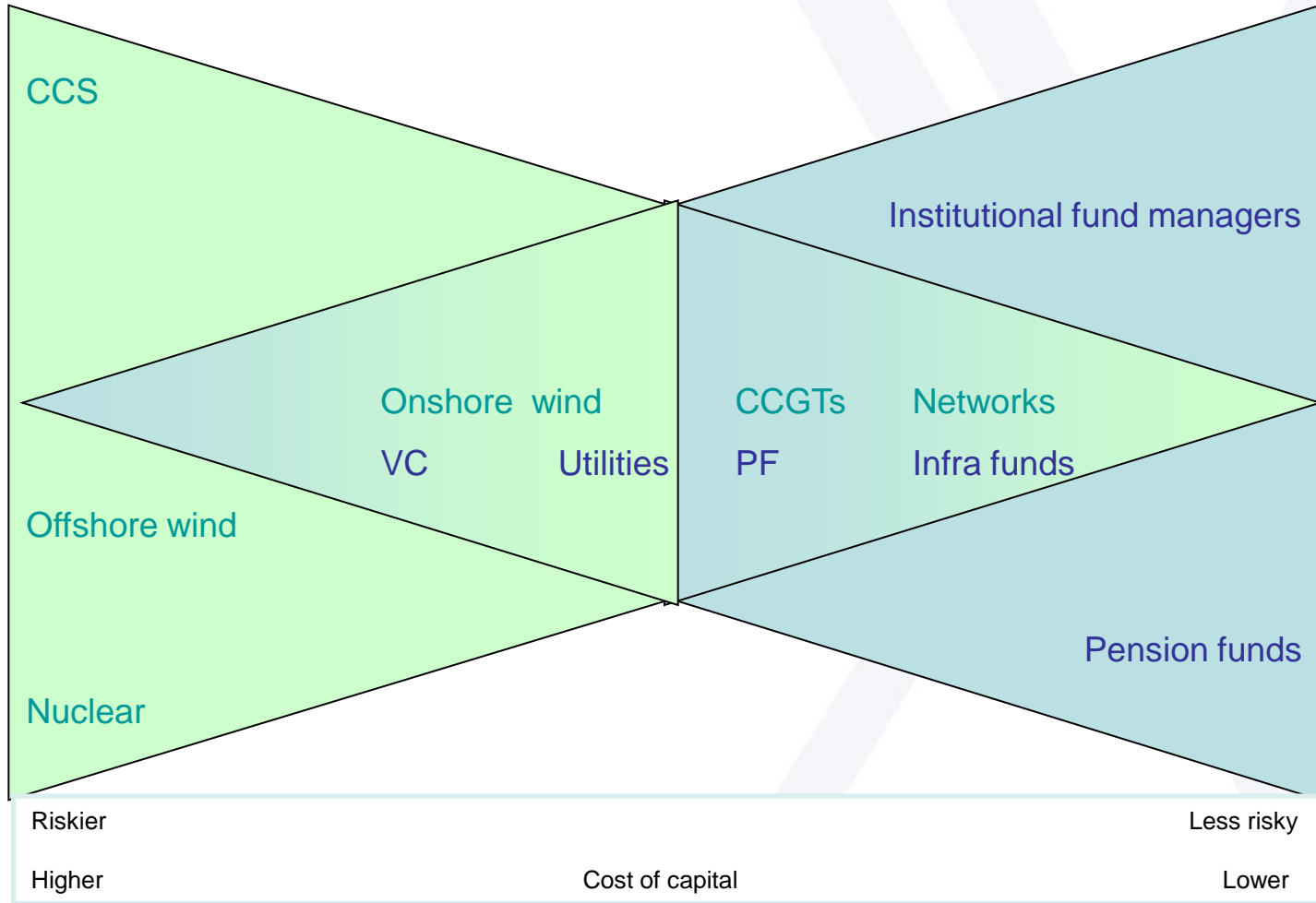
- Ratings
- Contracts
- Diversification
- Operational
- Track record
- Security

Riskier
Higher

Cost of capital

Less risky
Lower

INVESTMENT OVERLAP



GOVERNMENT STRATEGIES TO IMPROVE INVESTMENT OVERLAP

- Getting the new rules right
 - ROC banding
 - CfD FITs – counterparty, instrument design, strike prices
 - Capacity mechanism
- Being consistent
 - Carbon pricing
 - Avoiding “dashes”
- Green Investment Bank
 - Pulling together technology support
 - Stimulating new investment