

At A Glance

European Energy Practice

Our Practice

Founded in 1961, NERA Economic Consulting is an international firm of economists who understand how markets work. NERA's European Energy Practice has more than 40 full-time economists, a number of whom gained experience working for energy companies, governments and regulators. Our team combines rigorous economic thinking and quantitative analysis with practical experience gained from applying these tools to real electricity, gas and other energy markets.

Based in London, Brussels, Frankfurt, Madrid and Rome, our economists advise energy companies, merchant banks, law firms, governments and regulators throughout Europe. We help our clients understand and respond to the new regulatory and competitive challenges created by market liberalisation at both a national and European level.

Key Areas of Expertise

NERA is at the forefront of the continuing transformation of energy industries worldwide. We have pioneered in developing approaches for introducing competition, where competition is workable, in segments such as power generation, and for improving the regulation of segments where it is not.

Market Design and Restructuring

Our economists work with companies and government bodies to design competitive power markets and to develop rules of access and tariffs for regulated transmission and distribution systems for electricity and gas. With industry restructuring, we help companies develop strategies for exploring new opportunities and responding to new competitive threats. We also help our clients design and conduct energy auctions, including for network access, virtual power and the procurement of ancillary services.

Regulation and Public Policy

We help our clients develop new regulatory strategies and, when needed, support our clients with expert

economic analysis and evidence before regulatory authorities, competition policy agencies and domestic and international courts. We have a comprehensive understanding and a deep knowledge of the methods of price regulation including incentive mechanisms, cost analysis and yardstick competition. In the public policy arena, we help governments and companies design new policies to deal with issues such as the impact of more competition on security of supply in energy markets, or the effect of energy markets on the environment.

Litigation & Commercial Arbitration

NERA combines economic principles, knowledge of how markets work and vast energy industry experience to provide economic support to lawyers and companies in litigation and commercial arbitration cases. NERA can establish the fundamental economic and regulatory principles of the case, offer reasoned interpretation of the commercial intent of any contracts, anticipate and appraise the arguments offered by parties to the case and help write expert witness statements and appear as witnesses where needed.

Valuation and Transaction Support

NERA's experts have deep understanding of and expertise in the economic and regulatory issues surrounding major transactions in the energy industry, including privatisations, mergers and acquisitions and divestments. The support we provide includes asset valuations, market modelling, risk assessments and testimony as part of regulatory approval procedures.

Client Experience

Market Design and Restructuring

Since our pioneering work on the design of the **Electricity Pool of England & Wales** and the **Network Code** in the UK in the 1990s, we have helped clients across Europe on the design and operation of restructured energy markets. Our clients include **Iberdrola** (Spain), **Gasunie** and **SEP** (the Netherlands), **Enel** (Italy), the **CER** (Ireland), **PPC** and **DESMIE** (Greece), **Svenska Kraftnät** and **Statnett** in Scandinavia. In energy auctions, we have helped the **CER** design and implement an auction for new generating capacity in Ireland, and **OMV Erdgas** design a "gas release" auction in Austria.

Regulation and Public Policy

We have advised **Nuon** (the Netherlands), **Snam Rete Gas** (Italy), **Ruhrgas** (Germany), **EDP** (Portugal), **RONI** (Slovakia) and others on aspects of price regulation, including cost definition, tariff design and benchmarking. In the UK, we have assisted network companies at every OFGEM price review, and also in appeals before the Competition Commission. In public policy, we have advised the **UK Government** on security of supply in the electricity and gas markets, helped the **Dutch Government** to define their policy on appraising electricity market mergers, and appraised the benefits of electricity market integration on the island of Ireland for **Ofreg** and **SONI** (Northern Ireland).

Litigation & Commercial Arbitration

We have assessed contract damages in connection with the bankruptcy of **TXU** (UK), using a forward-looking appraisal of all aspects of market evolution. We assisted **two UK generators** in their successful appeal to the Competition Commission against OFGEM's proposed market abuse licence condition. We have also provided economic advice to clients including **Nuon** and **Iberdrola** on major merger cases, providing expert opinion on the effects of the merger on competition.

Valuation and Transaction Support

We helped **Gasunie** to define a methodology for valuing its network assets for regulatory purposes. We have advised an **international bank** on the valuation of Transco's distribution networks in preparation for asset divestment. We have carried out market assessments and regulatory due diligence for banks and investors, including **BNP-Paribas** in Slovakia and Romania, **Enel** in Turkey, **Credit Anstalt** in Lithuania, **AES** in Bulgaria, CCF (now HSBC) in Moldova and **EBRD** in Poland.

About NERA

NERA Economic Consulting (www.nera.com) is a global firm of experts dedicated to applying economic, finance, and quantitative principles to complex business and legal challenges. For over half a century, NERA's economists have been creating strategies, studies, reports, expert testimony, and policy recommendations for government authorities and the world's leading law firms and corporations. We bring academic rigor, objectivity, and real world industry experience to bear on issues arising from competition, regulation, public policy, strategy, finance, and litigation.

NERA's clients value our ability to apply and communicate state-of-the-art approaches clearly and convincingly, our commitment to deliver unbiased findings, and our reputation for quality and independence. Our clients rely on the integrity and skills of our unparalleled team of economists and other experts backed by the resources and reliability of one of the world's largest economic consultancies. With its main office in New York City, NERA serves clients from more than 25 offices across North America, Europe, and Asia Pacific.

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