

13 April 2023

Supplementary forecast information release

Wholesale electricity price forecast assumption

1.1 The OBR is releasing the information below as a supplement to the March 2023 *Economic and fiscal outlook (EFO)*. We will, as far as possible, meet any requests to release supplementary forecast information where this will improve the quality of public debate on the public finances. Our full release policy is available on our website.

Background

1.2 We condition our economy forecast and parts of our fiscal forecast on wholesale electricity futures prices. For example, wholesale electricity prices affect the subsidy paid to, or payment received from, renewable energy companies under the contracts for difference scheme, and are also a key input for receipts from the electricity generator levy.

1.3 Our March 2023 forecast assumption for wholesale electricity prices is based on the average path of UK wholesale electricity price futures over the five working days to 8 February over its first three years. Beyond that point, we hold prices flat in real terms, using a price index based on major countries' CPI inflation. Table 1.1 reports the fiscal year average prices used in our March 2023 forecast, expressed in £s per megawatt hour.

Table 1.1: Wholesale electricity price forecast

	£ per megawatt hour (MWh)				
	Forecast				
	2023	2024	2025	2026	2027
Wholesale electricity price	164.3	157.8	135.2	140.6	146.2