





- The oil price slump, gas supply and demand factors are lowering gas prices. This is likely to impact on deal flow in the gas pipeline sector as buyers and sellers take time to assess the lower price implications. But it could also stimulate interest in gas generation assets.
- A flow of privatisation and other government sales could have a significant impact on 2015 deal activity, particularly in Australia and Turkey.
- Conditions remain in place for substantial deal flow in the US and Latin America will continue to be a prime 'hot spot'.

Norbert Schwieters, global power and utilities leader, PwC, said:

“Deleveraging and divestment continue to be strong factors driving many deals in Europe. Companies are also taking big strategic decisions on what part of the value chain and what part of the world will offer them the best growth. E.ON’s business model change is an example of the first and Gas Natural Fenosa’s move into Chile is an example of the second.”

Rob McCeney, partner, US power and utilities, PwC, said:

“US power utility companies continue to see value in divesting non-regulated assets and focusing on regulated returns while, in parallel, independent power producers are looking for opportunities to optimise the value of their generation portfolios. With these conditions and the increasing acquisition activities of ‘yieldcos’, we expect to see strong US power and renewables deal flow, although some companies will need to pause for breath while they bed down recent deals.”

The big new factor in the mix is falling energy prices and this will add an extra dynamic into the all-important regulatory environment for companies.

Andrew McCrosson, partner, UK power and utilities, PwC, explained:

“All eyes will be on the interaction of policy developments and energy prices. We’ve already seen governments becoming active in power pricing and falling prices add a new dimension to this.

“In the UK, one of the first issues for a post-election government will be the findings of the competition investigation into the energy supply market being conducted by the Competition and Markets Authority. Vertical integration will be an issue under consideration and it’s possible that any policy changes could spur M&A moves.

“Longer term, persistently low hydrocarbon prices could also challenge the economics of renewables and nuclear generation, in parts of the world where these do not have stable policy support.”

**Ends**

#### **About PwC**

PwC helps organisations and individuals create the value they’re looking for. We’re a network of firms in 157 countries with over 195,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at [www.pwc.com](http://www.pwc.com).

©2015 PwC. All rights reserved.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.